

The **NATIONAL UNDERWRITER**



This month the North America national advertising borrows its theme from the circus. An interesting photographic view of aerial gymnasts attracts the attention of readers, who pause to read a moral emphasizing the value of North America protection.

See our advertisement in the July 11th issue of The Saturday Evening Post and July 13th issue of Time.

INSURANCE COMPANY OF NORTH AMERICA

PHILADELPHIA

and the

INDEMNITY INSURANCE CO. of NORTH AMERICA

write practically every form of insurance, except life.

Founded 1792

Capital \$12,000,000

Surplus to Policy Holders, over \$66,000,000

THURSDAY, JULY 9, 1936



Organized 1873

ACCIDENT AND CASUALTY INSURANCE COMPANY
OF WINTERTHUR, SWITZERLAND

111 JOHN STREET
NEW YORK

United States Branch

Statement January 22, 1936

ASSETS

| | |
|--|-----------------------|
| U. S. Treasury Bonds and Notes | \$1,390,291.54 |
| Other Bonds | 484,505.00 |
| Stocks | 137,543.87 |
| Accrued Interest | 16,519.07 |
| Cash in Banks | 1,037,080.82 |
| | <u>\$3,065,940.30</u> |

All Securities taken at Market Value January 22, 1936.

LIABILITIES

| | |
|---|-----------------------|
| Voluntary Contingency Reserve | \$ 565,940.30 |
| Statutory Deposit, New York | 850,000.00 |
| Net Surplus above Deposit | <u>1,650,000.00</u> |
| Surplus to Policy Holders | <u>2,500,000.00</u> |
| | <u>\$3,065,940.30</u> |

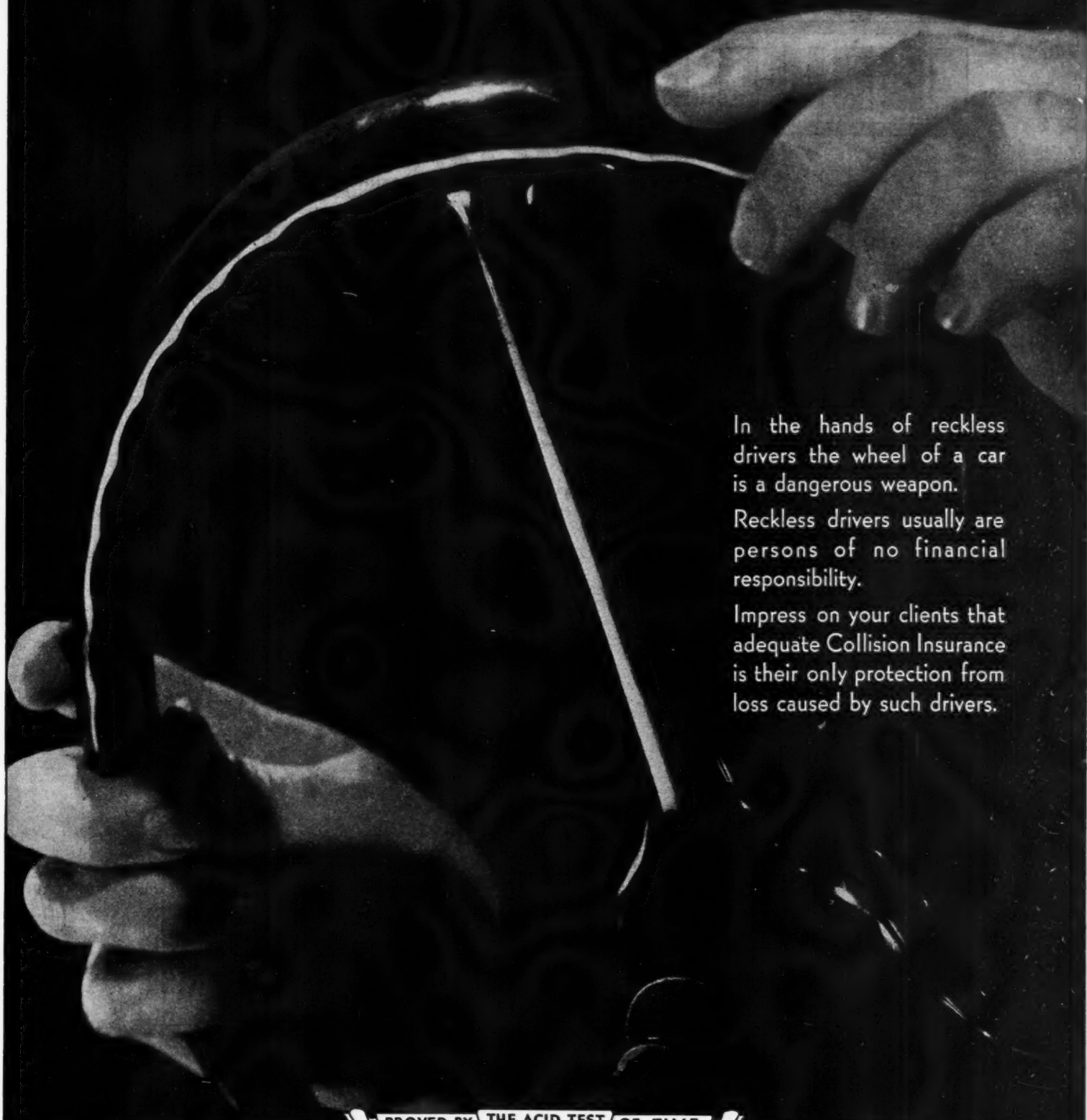
NEAL BASSETT

United States Manager

111 JOHN STREET, NEW YORK



DANGEROUS WEAPON!



In the hands of reckless drivers the wheel of a car is a dangerous weapon.

Reckless drivers usually are persons of no financial responsibility.

Impress on your clients that adequate Collision Insurance is their only protection from loss caused by such drivers.

PROVED BY THE ACID TEST OF TIME

America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

ERNEST STURM, Chairman of the Boards
BERNARD M. CULVER, President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

PUBLIC ENEMY

No 7 Burglary

COMMON ENEMIES TO GUARD AGAINST

- | | |
|-----------------------|---------------------------|
| 1 FIRE | 9 LIGHTNING |
| 2 MOTOR ACCIDENT | 10 MARINE DISASTER |
| 3 WINDSTORM & TORNADO | 11 RAILROAD WRECK |
| 4 PERSONAL ACCIDENT | 12 FALLING AIRCRAFT |
| 5 SICKNESS | 13 EXPLOSION |
| 6 DAMAGE CLAIMS | 14 RIOT & CIVIL COMMOTION |
| 7 BURGLARY | 15 EARTHQUAKE |
| 8 ROBBERY | 16 FORGERY |
| | 17 DISHONESTY |



Fear of Burglars is a universal nightmare. No man-made locks or other precautions can guard with certainty against the "THIEF IN THE NIGHT" or prevent his depredations.

Wherever man's thrift has accumulated articles of value the IMPS OF THIEVERY hover nearby and sooner or later the ruthless hand of the robber will strike.

Therefore, wisdom counsels the only positive protection—INSURANCE, which alone can remove the constant dread of loss that so often impairs the full enjoyment of our possessions.

LOYALTY GROUP

Firemen's Insurance Company of Newark, New Jersey—ORGANIZED 1855

The Girard Fire & Marine Insurance Co. ORGANIZED 1853
 The Mechanics Insurance Co. of Philadelphia " 1854
 Superior Fire Insurance Company " 1871
 The Metropolitan Casualty Insurance Co. of N.Y. " 1874

Milwaukee Mechanics' Insurance Company ORGANIZED 1852
 National-Ben Franklin Fire Insurance Co. " 1866
 The Concordia Fire Insurance Co. of Milwaukee " 1870
 Commercial Casualty Insurance Company " 1909

WESTERN DEPARTMENT
 844 RUSH STREET, CHICAGO, ILLINOIS
CANADIAN DEPARTMENT
 461 BAY STREET, TORONTO, CANADA

EASTERN DEPARTMENT
 10 Park Place
 Newark, New Jersey

PACIFIC DEPARTMENT
 220 BUSH STREET, SAN FRANCISCO, CAL.
SOUTH-WESTERN DEPT
 912 COMMERCE STREET, DALLAS, TEXAS

New England Men at Manchester, Vt.

About 400 Gather for Three-Day
Convention — Bair Is
Keynoter

GOOD SPEAKING CARD

DeCelles Gives Sizzling Address at
Joint Meeting of All Associa-
tions in the Territory

By RALPH E. RICHMAN

MANCHESTER, VT., July 8.—Some insurance men are accusing Insurance Director Palmer of Illinois of acting spitefully in his rate reduction and blanket bond orders, Kenneth H. Bair, president of the National Association of Insurance Agents, observed in an address at Manchester Tuesday. On that question Mr. Bair took no stand. He voiced the belief that had companies and agents met Mr. Palmer in a friendly, cooperative way, ready to offer constructive aid in remodeling the Illinois code, then the whole problem would have been solved satisfactorily. Lack of genuine partnership between companies and agents and failure to initiate a positive program upon which both could stand instead of acting upon the defensive was a chief fault of procedure on the part of the insurance business in the Illinois case and elsewhere, according to Mr. Bair.

Mr. Bair's address was the key note paper at the annual convention of the New England Associations of Insurance Agents meeting Monday, Tuesday and Wednesday. More than 400 were on hand to hear Mr. Bair and the other speakers as well as to enjoy a summer outing.

In a second departure from his prepared address Mr. Bair denied that officials of the National association were seeking to influence the action of the special committee considering the plan to substitute a board of directors for the present national councillor group.

De Celles Again Sizzles

Commissioner DeCelles of Massachusetts stirred his ladle into the hot competitive cauldron Monday evening and caught up enough of the boiling fluid to increase again the wonder at his eager and bold handling of sizzling subjects. Let there be competition, he urged, but let it operate without discrimination among those who perform equal services.

The formal program began Monday evening when Fred R. Smith, Haverhill, Mass., chairman of the New England advisory board, introduced William Wills, Bennington, Vt., who greeted the visitors for his state. Mr. Wills is a local agent in Bennington, is president pro-tem of the Vermont senate and a prospective lieutenant governor of Vermont. After a word of greet-

(CONTINUED ON PAGE 33)

Interest in Insurance Move of Department of Justice

SAY EVIL IS EXAGGERATED

Adjusters Deny That They Make Deals
With Underworld for Return of
Stolen Property

Insurance adjusters are interested in the announcement of the federal department of justice that it will investigate the practice of insurance companies "buying back" stolen property from underworld characters. However, the insurance people feel that the department of justice has an exaggerated notion of the extent of this practice. They feel that the department has perhaps generalized on the basis of the Florida jewelry robbery case which attracted so much attention because Nicholas Scaffa, who has done much work for insurance companies, was convicted of perjury before the grand jury and was sentenced to six months in the penitentiary. Mr. Scaffa incidentally has completed his term and is now back in New York, where he is currently engaged in a jewel robbery detection case for the insurance companies.

Most of the responsible adjusters, who act for insurance companies in these jewel robbery cases, are very cautious in their dealings with informers and "stool pigeons." Of course, the primary interest of an adjuster or a private detective is to get back the jewelry, whereas police authorities are principally interested in apprehending the thief. That difference in objective means a difference in procedure. The adjusters who handle these large jewelry losses know what it means to compound a felony and they are said to be careful not to make a deal with criminals. If an informer turns up, the investigator very often gets in touch with the police and never takes a step without the knowledge of authorities.

The department of justice expresses the belief that there is a ring of criminals engaging in robberies with the idea of disposing of the loot to insurance companies. That may be true to a certain extent, adjusters say, but they doubt that such a system has been worked out by the underworld to any considerable extent. Years ago, such a system was employed by automobile thieves. They would take a car, secrete it and then have an intermediary approach the insurance company with the proposal to lead the adjuster to the place where the car was secreted for \$25 or \$50. That racket has now been abandoned.

CAMPAIGN IS WELCOMED

NEW YORK, July 8.—The reaction of insurance companies to the proposal of the department of justice to investigate the practice of "buying back" stolen property from thieves is one of approbation. However, they believe that if the "G" men will direct their attention to the "fences" who receive the stolen goods, they will thus destroy the market for it and do much to eliminate the motive for stealing. Another thought is that the control of interstate

(CONTINUED ON PAGE 33)

Dwelling Class Showing Effect of Rate Decrease

MUCH NOW GOING TO HOLC

Premiums Are Comparatively Small
and Hence the Expenses Eat
Up Most of the Profit

With rates decreased in general on dwellings and their contents and with the Home Owners Loan Corporation taking a number where loans are made and having the business placed through the Stock Company Association at less commission than normal, and with a number of life companies diverting dwellings where they have mortgages to some special company, agents are much concerned over the class. It has gotten so that it does not pay to solicit small dwelling business unless the comprehensive policy can be written. The expense of solicitation and putting the business through the books, collecting premiums and servicing clients absorbs more than the commissions. Dwelling rates are low the country over and the cost of insurance is therefore very moderate. There has never been any demand for lower premium rates on part of premium payers because the price that is paid is regarded as exceedingly low. In some of the larger cities only the smaller brokers or solicitors go after the dwelling business. It does not pay them to solicit policies on contents because if some \$500 to \$1,000 is taken the expense is too great.

Rain Business Profitable

NEW YORK, July 8.—Rain insurance covering exhibitions and games of various kinds over the July 4 week end was written to a larger degree than for a like period for a number of years. While it is too early to have received loss reports yet, it is believed that they will be relatively few. A pretty reliable criterion as to weather conditions the country over is supplied by reports of big league baseball games, which apparently were played according to schedule at all centers July 4. The great bulk of the rain covers this year were on events promoted by the American Legion and by civic societies, each of which spent money in arranging celebrations more or less elaborate, and secured insurance to cover expenses should rain interfere. Calls for the indemnity began to come in about June 25.

Hail Premiums Now Behind

For the first time since the hail writing season commenced this year, the companies last week dropped below their premium totals last year, as of the same date. A good season in Kansas and Nebraska kept the premiums ahead until last week, but as the season moves into the northwest, the effect of the drought is felt severely. Prospects in Montana, the Dakotas and Minnesota are very poor and the situation seems desperate. There is some hope that the western provinces of Canada may produce a good crop and help to offset the loss in premiums from the northwest.

Palmer Stopped by Second Writ

Illinois Director Issues Blistering
Statement After Court Defeat
in Rate Cut Row

PEARL CUTS THE TARIFF

British Company Reduces Dwelling,
Apartment, Household Goods Charge
10 Percent Outside Cook County

Announcement was made Wednesday by the Pearl that immediately it is cutting the rate 10 percent on dwellings and apartments in Illinois outside Cook county where the 80 percent co-insurance clause is used and is offering a 10 percent rate cut on household goods where a special prompt pay endorsement is attached. Pearl is a Chicago Board member and hence is not deviating in Cook county. Further details are given in article following report of Springfield federal court ruling in Illinois rate-cut case.

SPRINGFIELD, ILL., July 8.—Federal Judge Briggles Tuesday issued an interlocutory injunction restraining Insurance Director Palmer from enforcing a 10 percent rate reduction on fire insurance on homes and apartments. He set Aug. 15 as the date for filing of answer. Mr. Palmer after the hearing issued the following statement:

"While in view of the experiences in other jurisdictions it might reasonably be expected that we would lose the preliminary legal skirmishes, we have no doubt about the outcome when the rate reduction order is tried on its merits and the facts are before the proper tribunal. Every insurance man of experience knows that the fire insurance companies and the organizations which they control are very vulnerable in the matter of dwelling and apartment rates in Illinois. It is, therefore, to be regretted that they did not follow my suggestion made some months ago and put in voluntarily the rate reduction and remove the discrimination which the loss experience figures in this and comparable states clearly indicate is warranted at this time. Since they have preferred, here as elsewhere, to engage in a legal battle, we must meet them on that ground with little doubt about the inevitable result here as elsewhere.

Common Sense Solution

"So long as the stock fire insurance companies accept the leadership of those who have valiantly led them to defeat on so many rate reduction battlefields we have little hope for that broad vision which makes for constructive progress and a common sense solution of rate problems involving the unorganized home owner. Eventually, of course, a more enlightened viewpoint

(CONTINUED ON LAST PAGE)

DeCelles Attacks Branch Office Practices, Coercion

MANCHESTER, VT., July 8.—Commissioner DeCelles of Massachusetts, who can always be counted on to speak a piece of his mind, did not disappoint his audience here—those attending the annual meeting of the New England Associations of Insurance Agents. His piece this time was sweet music to the agents since he attacked the companies for some of their branch office practices and for their dealings with that type of part-time producer who coerces business.

"Justified criticism can be directed against the abuse of agency commission essentials when they are used for competitive purposes against other agents," he said. "I am the last man in the world to object to a man being paid for his work. However, I do not like to see a fundamental principle of the business being improperly used for competitive purposes. While we are talking about competition, perhaps it might be well for me to express myself on the four types of competition which to my mind present real problems to the agent."

Mutual Competition

"Many of you erroneously believe that mutual competition is the only thorn in your side. You may say that the mutuals take only the better class of business. I wonder if that is the whole answer? Or rather isn't it this—we have been making the better class of business carry more than its share of the load of the bad business. The rate making structure has put too much of the burden of the 'rag-picker risk' upon the first class risk. The figures submitted to me by your agencies indicate to me that if we take the commission, and deduct therefrom the expense of doing business, the margin to you is small indeed. If we are to continue to subscribe to the theory that these services must be rendered the policyholder, then the policyholder must expect to pay for them in the rate. On the other hand, if the service of the mutual companies is the same as that of the stock companies, I cannot see where the cost of doing business should be different. The distribution of the cost, I grant, may be different, but the eventual cost ought to be the same. Mutual competition can be met by using class experience as the basis for class rates, and by proper attention to the rapidly growing expense ratios of the stock companies. It occurs to me that if a rate can be lowered under mutual competition, that this same rate could have been reduced long before."

"I cannot subscribe to the theory of competitive bidding upon individual risks, but I can bring myself to believe that with a scientific system of rating based on experience, that it will be possible to get the margin between the two types of companies to a closer point. I hold no brief for either stock or mutual companies. Both have their place in this particular picture. The difference should be the difference between the cost of service rendered by one, and the cost of service rendered by the others. A far more serious threat to your eventual success in this business comes not from the mutual companies, but from the competitive practices which have arisen among stock company agents and brokers."

Branch Office Problem

"First of all, let us consider the branch office problem. Undoubtedly a company has a right to maintain in the field, a branch office for the service of its policyholders and its agencies, but that branch office should never enter into competition with its own writers. Two firms of stock company brokers, or even a stock company group, and a mutual company group, have a right to compete among themselves, to see which one can render the most service to the

policyholder. The companies should not compete against their own agents, because after a man has spent a life time in building up confidence among his policyholders, the company that has benefited by this should be the last to enter into competition with him, and pay to agents and brokers who deal directly with the branch office, the same or more commission than they would pay to a policywriting agent.

"In other words, the company should not discriminate among classes of agents. If the company expects one group of agents to render certain services and another group of agents not to render such service, it should arrange the commission difference between the two groups, so that the cost of the service will be the measure between the commission received by one, and the commission received by the other."

General Agency Problem

"As a practical example, I have in my office a case where a company pays a local general agent 30 percent to write business. That general agent is expected to render many services, which the branch office itself maintains for other agents. It costs that general agent approximately 9 percent to render such service, making the net commission to the general agent 21 percent. At the same time, the branch office accepts business from brokers who render no service, and execute no policies, and pays such brokers 30 percent. The branch office itself maintains the service at an added cost of 8 percent. The mathematical implications are simple: Cost to the policyholder through the general agent, 30 percent; through the branch office, 38 percent. This is one of the real reasons for the increased cost of insurance to the policyholder. That is not only unfair to the agent of the company itself, but is unfair to the policyholder to place such an additional burden upon him. The branch office must observe the rules of the game, and not enter into competition with its own agents."

"The third evil of competition is that of the so-called part-time agent. The legitimate part-time agent has a definite place in this business, but I feel I should distinguish between him and the part-time agent who is the officer of a bank,"

(CONTINUED ON PAGE 13)

To Be Chairman



RAY C. DREHER, Boston

Ray C. Dreher, manager of publicity and head of the advertising department of the Boston and Old Colony, one of the well known figures in the insurance advertising world, will act as chairman of the fire and casualty division at the group meeting of the Insurance Advertising Conference at the Westchester Biltmore Country Club at its annual meeting in September. Mr. Dreher gets out one of the most artistic and useful house organs.

Past Vermont Commissioner Arrested in Larceny Case

RUTLAND, VT., July 8.—R. C. Clark, former Vermont commissioner, has been placed under arrest, charged with being an accessory to the larceny of moneys from the Marble Savings Bank of Rutland.

A shortage of \$251,000 is alleged to have been discovered. J. J. Cocklin, alleged to be the embezzler, has been arrested on a charge of larceny of \$10,000 from the bank while Mr. Clark is charged on eight counts involving knowledge of the alleged theft and aiding in the concealment of the shortage. Mr. Clark, who stoutly protested his innocence, posted \$15,000 bond. State politics are understood to be involved.

Factory Mutuals to Pay Tax in Minnesota on Net Basis

NOW LICENSED IN THE STATE

Group to Make Strenuous Fight in Georgia Where an Assured Has Been Sued

ST. PAUL, July 8.—Donald Weesner, First National-Soo building, Minneapolis, has been appointed resident agent in Minnesota to accept service for a group of Associated Factory Mutuals just licensed by the Minnesota department. Each of the dozen or so companies licensed filed a standard Minnesota contract and also a supplemental contract to take care of other coverages.

According to officials of the Minnesota department the matter of taxation which has kept these companies out of some states did not hold them up in Minnesota. They were ruled as coming under chapter 3347 of Minnesota statutes which provides for 2 percent tax on gross business less return premiums. The Minnesota statute covering this reads:

Wording of Statute

"Every domestic and foreign company except township and farmers mutual insurance companies and domestic mutual insurance companies other than life shall pay to the state treasurer on or before April 30 annually a sum equal to 2 percent of the gross premiums on all direct business received by it in the state or by its agents for it in cash or otherwise during the preceding calendar year."

"Provided, however, that every domestic mutual insurance company shall pay to the state treasurer on or before April 30 annually a sum equal to 2 percent of the gross direct fire premiums on policies effective subsequent to Jan. 1, 1930, less return premiums on all direct business received by it or by its agents for it, in cash or otherwise, during the preceding calendar year upon business written in municipalities in this state maintaining organized fire departments."

In Minnesota, the factory mutuals will not pay the tax upon their gross premiums, but only the net, which is less than 10 percent of the gross.

TO FIGHT GEORGIA ACTION

H. T. Freeman, president of the Manufacturers Mutual Fire of the factory mutual group, states that those companies will conduct a vigorous fight in connection with the suit which was recently instituted in Georgia against a Georgia assured of the factory mutuals. Sidney Weiss started an action to recover \$150,000 from the Pacolet Manufacturing Corporation of Gainesville, Ga., which suffered a severe loss in the windstorm there this spring. Under the Georgia agents qualifications law which was passed in 1935 anyone who purchases insurance from an insurance company not licensed in Georgia must report his purchase to the insurance department and pay the premium tax that an admitted company would have to pay. Failing to so notify the commissioner, in the event of a loss, the assured is liable for a 10 percent penalty of the amount of the indemnity collected from the non-admitted company. Sidney Weiss brought the action as an informer. Under the law the informer gets 50 percent of whatever is collected from the assured.

Mr. Freeman contends that the Georgia law is an infringement of the 14th amendment of the federal constitution. Mr. Freeman stated that the factory mutuals would have been licensed in Georgia years ago if they had been permitted to pay a tax on the net premium absorbed by the insured rather than on the gross premium deposit, upon which the insured merely gets the interest.

Mr. Freeman stated that about 94 percent of the business of the factory

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THE WEEK IN INSURANCE

Federal court issues **interlocutory injunction** restraining Insurance Director Palmer of Illinois from canceling licenses of companies that refuse to cut rates. **Page 3**

Annual meeting of the **New England Associations of Insurance Agents** was held this week at Manchester, Vt. **Page 3**

Constant decrease in dwelling rates together with the HOLC has served to dim the interest of agents in that class. **Page 3**

Future status of local agent discussed by Kenneth H. Bair, president National Association of Insurance Agents, before annual convention of New England Associations of Insurance Agents at Manchester, Vt. **Page 5**

DeCelles gives sizzling address before New England agents' meeting. **Page 4**

Review of the half-year record in fire insurance indicates that a good profit was made although it was less than for the same period last year. **Page 5**

Move in France for government to take over insurance business viewed by leading Paris broker on visit here. **Page 5**

Capital of the Eagle, Star & British Dominions is increased. **Page 8**

Factory mutuals are licensed in Minnesota under agreement limiting the premium tax to be paid to the net, absorbed portion of the deposit premium. **Page 4**

Elimination of useless regulations and practical education of the public is urged by A. Van Court Miller, chief accountant New York "Herald Tribune," and Vice-president Risk Research Institute, before the annual meeting of the New England Associations of Insurance Agents at Manchester, Vt. **Page 25**

Surety writing companies that are members of the National Bureau of Casualty & Surety Underwriters will again discuss the Chicago acquisition cost subject. **Page 25**

New York Mortgage Commission holds in abeyance formation of pool to handle casualty insurance on all its properties. **Page 25**

Companies start big job of terminating 200,000 certificates of compensation insurance in files of Illinois industrial commission. **Page 27**

Motor Casualty of Philadelphia loses its 100 percent reinsurance agreement with the Excess and decides to cease writing business. **Page 26**

Louisiana legislature passes two bills affecting casualty and surety interests; measures now before governor. **Page 27**

Future Status of Agent Is at Issue

Question of Economic Independence in the Face of New Developments

INTERESTS OF COMPANIES

President Bair of National Association Addresses New England Agents at Manchester, Vt.

Whether the local agent will continue as an independent business man or whether developments in the insurance business will lessen or eliminate the necessity for his services, was the question raised by Kenneth H. Bair, president National Association of Insurance Agents, before the New England Association of Insurance Agents at Manchester, Vt.

Although the agent's status as an independent contractor recently has been established more permanently than ever through rulings under the social security laws, Mr. Bair pointed out that the interests of both company and agent are interwoven. There is a company side and an agency side of the fence, he said. Practically, unless there is a real partnership arrangement and genuine team work prevails, there is little hope for ultimate success. Companies are jealous of their rate making and underwriting prerogatives and, although these are essentially company problems, Mr. Bair pointed out the agent is also concerned because he is the man who must sell the rates and his business suffers equally through improper underwriting. For this reason, it is difficult to draw a hard and fast line between the rights and duties of agents and those of companies.

Status of the Agent

"The agent may say with all confidence that he is beholden to no one—that his business is his own and he will conduct it as he wills. The agency machinery is indeed his individual concern. But I cannot concede that the results are not the concern of the companies he represents. If our offices are run inefficiently, the companies we represent will suffer. When a company grants an agent a certificate of authority, it expects an amount of business in keeping with its own capacity and with the size and class of population of the locality."

Mr. Bair declared the problem of increasing taxation is one which must be met by agents and companies alike. He particularly called attention to the threat of additional taxation embodied in the recent proposal of Superintendent Pink of New York, that companies be required by statute to set up a revolving fund to protect policyholders and guarantee the solvency of all companies. Although this plan represents an ideal principle, Mr. Bair pointed out the principal argument against it is the strong record made by the insurance business and the infinitesimal number of company failures, which is a tribute to sound and reliable management without recourse to any so-called deposit fund.

Would Create Hidden Tax

He said such a fund would simply create an additional hidden tax which the policyholder would have to pay. He also said it would take away the necessity of careful management as there would be no incentive to an agent to sell only the best and the assured would have no incentive to check into the financial standing and management of various companies. Although the agent, pri-

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Move to Put French Nation in Insurance Viewed Here

PARIS BROKER IN COMMENT

M. Boyer, Director of Producers' Association There, Surveys Situation on American Trip

A strong movement is developing in France for the government to take over the entire insurance business, M. Pierre Boyer, director of the Syndicate Nationale des Courtiers d'Assurances Terrestres of Paris, the insurance brokers association there, commented on a visit to Chicago where he consulted with President R. M. Redmond of the Illinois Brokers Association. However, a counter-proposal is that the government co-insure 50 percent of the business, thus it is hoped satisfying the proponents of government taking an active part in insurance and still leaving the business in the hands of private corporations.

Interested in Qualification Law

M. Boyer came to America to study methods here, the problems confronting brokers and how they have been or are being solved. From Mr. Redmond he procured copies of the brokers qualification law of Illinois, from which he plans to draft a similar measure to be adopted in France.

He found problems of brokers strikingly similar in both countries, although commissions are somewhat higher in France. There is in France considerable rate cutting in all but life insurance, which is government controlled and in which rebating is prohibited by law. The broker there countersigns the policy, he said, this being the assured's guaranty of integrity. On policies which are not so countersigned, he said, there is question whether the claim will be paid.

Plan International Convention

M. Boyer extended an invitation to Chicago brokers—and on a similar visit in New York to brokers of the metropolitan district and to members of the National Association of Insurance Brokers—to attend an international convention of insurance brokers being planned as a feature of the International Exposition to be held in Paris next year. There are brokers' associations in the larger continental cities, many of which have joined in the move to have an international meeting. M. Boyer left for a short visit in Montreal and plans to go home on the "Normandie" sailing from New York July 15.

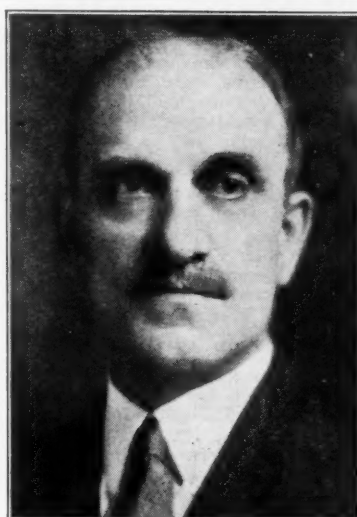
Suspend Ohio Baggage Ruling

COLUMBUS, July 8.—The Ohio department has issued an order "indefinitely suspending" its ruling of April 10 regarding baggage insurance in Ohio, "pending further investigation and consideration of the questions involved." Insurance companies have been notified that if they desire to write this class of business in Ohio they must make regular requisitions for agents' licenses for the persons who will handle the business, the "same as they did in previous years." In its ruling of April 10, the department announced that agents or solicitors' licenses for railroad and steamship employees and travel agents for companies writing inland marine insurance "will not be renewed on the expiration of existing licenses, which expire June 30, 1936, where such licenses are obtained principally for purposes of selling baggage ticket insurance."

Bjodstrup Host to Agents

H. E. Bjodstrup, manager of the Sioux City, Ia., branch of the Western Adjustment, portioned out two 16-pound fresh salmon to members of the Fire & Casualty Underwriters at their luncheon. Mr. Bjodstrup was given a vote of thanks by the agents.

Celebrating



JOHN M. THOMAS

PITTSBURGH, PA., July 8.—The National Union Fire reached two milestones that were mildly celebrated this week. Not alone does 1936 mark the 35th anniversary of the company but it also completes the fifth anniversary of the present management. The latter event was commemorated by a loyal agency force through submission of a sizable volume of new business. President John M. Thomas assumed direction of the company July 7, 1931, shortly following the election of John S. Fisher as chairman of the board and on July 20 the same year Vice-president H. A. Yates joined the organization, to complete the triumvirate that has so successfully guided its destinies the past five years.

Lloyds Is Not Disturber in the Fire Field in Illinois

In all of the controversy concerning the competition of London Lloyds in Illinois, there has never been any difficulty so far as fire insurance is concerned. Lloyds has kept hands off the direct fire business and it is understood that Lloyds and the American companies have a very definite understanding on this point. The fact that Lloyds agreed to abide by Insurance Director Palmer's order to reduce fire rates on homes and apartments in the state 10 percent, beginning Sept. 1, is meaningless, because Lloyds does not write such business. It was merely a matter of form for Lloyds to agree to abide by the reduction.

London Lloyds gets far more income from American fire insurance companies by way of reinsurance than it does from American casualty companies. Some of the largest American fire companies have abandoned treaty reinsurance entirely and do all of their reinsurance with London Lloyds on an excess of loss basis under the so-called Carpenter plan. Then they carry various catastrophe excesses with London Lloyds.

Some casualty companies reinsure their top limits on liability policies with London Lloyds, but most of the casualty companies patronize admitted reinsurers. The volume of casualty reinsurance is not nearly so great as the volume of fire reinsurance.

Lloyds apparently has no intention of disturbing its clients among the American fire companies by engaging in direct competition with them in this country.

Miscellaneous Notes

The Doyer Insurance Agency Co., Dover, O., has been incorporated by C. T. Brister, J. P. Craib and T. M. Halsey.

W. E. Houk & Co., 513½ Ohio street, Terre Haute, Ind., has been incorporated by W. E. Houk, Ella Houk and Sylvanus Houk.

Half-Year Record Found Gratifying

Straight Fire Premiums Down, Losses Up, But There Is a Profit

MOTOR PREMIUMS SOAR

Companies With Heavy Holdings of Stock Will Show Good Gain In Security Values

By GEORGE A. WATSON

NEW YORK, July 8.—Fire company officials have little reason to grieve in reviewing the record for the first six months of 1936. If they fare equally well during the remaining six months, the year will be on the credit side.

Premium income on straight fire lines, the business as a whole considered, is less by about 5 percent than for the corresponding period last year, while on the other hand, losses will be approximately 5 per cent greater. By next week the National Board will have released its loss figures for June, and a comparison of the half year will be available.

Expense ratios will average close to 50 per cent, or 1 percent over those for the first half of 1935.

Value of Securities

Companies carrying a liberal volume of selected stocks in their portfolios are showing an appreciation in security values; while offices with a larger proportion of bonds will hold about steady. Foreign institutions have ever been more partial to bond buying than the average American company, and in the present condition of the market will not show material security gains. The relatively limited number of first grade bond offerings has naturally enhanced the value of those obtainable with a corresponding reduction in the interest yield. A substantial volume of federal securities is held by all offices, the return on which is slight.

With the steady improvement in the financial status of many of the states and a number of counties and municipalities, municipal bonds are being purchased with increasing freedom—a trend that will likely continue as communities emerge from the depression era and their fiscal affairs reveal brighter results.

Market For Shares Steady

That discriminating investors have faith in the stability and future of fire companies is attested by the steadiness of the market for their shares. While but two insurance companies are listed on the "Big Board"—Continental and Fidelity-Phenix—many others are traded in over the counter, and find favor with estate trustees particularly. Insurance stocks as a rule are sold in small blocks, and oftentimes are held in the same family for generations. A lot of stock found its way into banks as collateral in the dark years, since which time much of it has been redeemed by owners. Many agents invest in the shares of companies, and the same holds with respect to a number of the big brokers of this and other cities. These men know the yard stick to apply in measuring insurance stock values, are aware of the ability and record of the different company managements, and hence are able to purchase securities with particular knowledge of their worth.

(CONTINUED ON PAGE 28)

AS SEEN FROM CHICAGO

CHICAGO RECORD GIVEN

The number of fires in Chicago in June was 1,036 as compared with 786 in June, 1935. There were 769 fires where damage was done as compared with 427 a year ago. The May fires were 773 as compared with 551 a year ago. For the 12 months ending June 30 there were 8,584 fires reported in Chicago, compared with 6,886 for the corresponding 12 months a year ago. The number of fires for the first six months was 4,955, an increase of 40.7 percent.

* * *

REED IN CHICAGO FOR SUMMER

A. J. Reed, Jr., engineer of the Merchants Fire of Denver, is in Chicago for the summer doing agency work for the Merchants in Illinois and Indiana.

* * *

MANUAL OF EXAMINATIONS

The Illinois insurance department has gotten up in tentative form a "Manual of Examinations," giving a set of questions and answers in various departments of insurance which can be used by applicants for licenses in order to prepare for examinations. This tentative manual is being submitted to the various organizations for criticism and suggestions. When the department has received the comment it will get the work in permanent shape.

* * *

STANDARD GRANTED REHEARING

At the request of the Standard of New York, member of the Tokio group, directors of the Chicago Board have granted reconsideration of the recent \$2,500 fine against the Standard. The amount of the fine has been deposited with the Chicago Board by the Standard. About two months ago, after the fine

was imposed, the Standard Fire resigned from the board, but the resignation never became final. The Standard asked for a rehearing. It was told that the matter could not be reviewed until the face amount of the fine was deposited.

George Z. Day, vice-president of the Standard, arrived in Chicago last week and is remaining in the city this week.

Most observers are guessing that there will eventually be a compromise with the Standard paying perhaps \$500.

* * *

CUTHBERTSON AND MILLER WIN

The Automobile Superintendents Association of Chicago held its annual outing at the St. Charles Country Club. W. H. Cuthbertson, North America, had low net and E. A. Miller, Providence Washington, had low gross. President L. L. Sanders, National of Hartford, presided at the dinner.

* * *

McCABE SHOWS IMPROVEMENT

C. R. McCabe of the Chicago local agency of McCabe & Hengle is making slow progress in St. Joseph's hospital in Chicago from an attack suffered about 10 days ago. His brother, John V. McCabe, also connected with the agency, reports that the doctors are encouraged.

* * *

LINGENFELDER IS WINNER

Vice-president E. A. Henne was host to the officers and department heads of the western department of the America Fore companies at a golf and dinner party held at his home club in Park Ridge, Ill.

C. J. Lingenfelder, agency superintendent, won his first leg on the Ernest

Sturm championship trophy—the previous winners being C. R. Williams, H. W. LaRue and J. F. Cooper. Other handicap prize winners were: C. R. Williams, manager Illinois Loss Adjusting Office; Wm. Mitchell, underwriting supervisor Cook county department; E. B. Vickery, secretary; H. C. Edmundson, agency superintendent.

Blind bogey prizes were awarded to E. B. Vickery, F. D. Hougham and C. R. Williams. Special combination: driving, approaching and putting, W. G. Martin.

* * *

CONCERN FOR McAULIFFE

Concern is still felt for Frank C. McAuliffe, chief of the Chicago fire insurance patrol, who is in a hospital suffering from an abscess that developed following an operation for removal of a chicken bone from his intestines. He swallowed the chicken bone at the picnic recently given for the Chicago Board employees. It was removed by operation and then complications developed.

* * *

HOGLE HAS RELIANCE LIFE

J. M. Hogle Agency, Insurance Exchange, Chicago, has been appointed general agent of the Reliance Life. The local agency is starting a life department under C. F. Kinnucan as manager. Mr. Kinnucan has been in the life insurance business about two years.

* * *

WOOD ON COAST TRIP

D. M. Wood of Childs & Wood, Chicago, accompanied by his family, is on a vacation trip of several weeks to California. He is expected to return about the middle of July.

* * *

NEW CHICAGO DIRECTORY

THE NATIONAL UNDERWRITER has issued its 1936 edition of the Chicago Underwriters Handbook giving complete information insurance-wise on Chicago and Cook county. This book is larger than the insurance directories of some of the states. It gives a list of all the brokers licensed by the insurance department, who operate in Cook county, all the outside agents as well as the so-called Class 1 agents of the Chicago Board of Underwriters. It furnishes a complete directory of the life companies, their agents and the casualty companies. It has a list of adjusters, various associations and bureaus, alphabetical list of fire insurance field men in Cook county, improved risk superintendents, marine agencies, fire premiums for six years in Cook county, etc. It is a book of almost 400 pages. For those having to do with Chicago or Cook county insurance-wise, the edition is invaluable.

* * *

DEATH OF P. F. CAMERON

Peter F. Cameron, one of the old time Chicago fire insurance men, former head of the agency of P. F. Cameron & Co., which he conducted with his two brothers as partners, William F. and Gordon, for many years, died last week at the age of 77. His father, John Cameron, for many years was Chicago manager of the Northwestern National.

* * *

GRANT BULKLEY IN NEW POST

Grant Bulkley, the new secretary in the western department of the Springfield F. & M. group, arrived in Chicago to take his position Monday. He has been assistant manager at the Pacific Coast department in San Francisco but for the last month has been on a vacation in the east. He is a son of President Bulkley of the company.

* * *

BROKERS' PROPOSAL WEIGHED

Intimation that the Chicago Board has drafted a counter-proposal to offer the Illinois Brokers' Association in connection with the latter's recent demand for equal voice in the board's affairs, was given this week in a statement by Manager J. S. Glidden. "The directors after long and careful consideration in-

West Virginia Handbook Has Just Been Published

West Virginia is an excellent insurance state in many respects, largely due to the high type of agents within its confines. All classes of insurance men in West Virginia measure up to high standards. The new Underwriters' Handbook of West Virginia has come from the press of THE NATIONAL UNDERWRITER and it is full of information of value to anyone interested in West Virginia. It gives West Virginia insurance statistics, fire, casualty and life, it tells all about the organizations. It gives a list of agents by towns showing their companies. There is a digest of the insurance laws of West Virginia. There is a comprehensive company directory telling something about every company licensed in the state. In fact, the West Virginia Underwriters' Handbook is full of valuable information that should be on the desk of everyone that has to do with the state.

structed the manager to communicate with the committee representing the brokers association, offering a suggestion for cooperation between the association and the board which should lead to a solution of the subject under discussion," Mr. Glidden said. He announced that a committee of the brokers, consisting of President R. M. Redmond, F. P. Lavin, J. J. Monahan and J. A. Mudd, Jr., discussed with the Chicago Board directors a more definite and positive representation of full time brokers in board membership, Mr. Redmond being spokesman for this group. The brokers asked for membership and voting privileges, and places on certain committees having to do with subjects in which the brokers are directly interested. They requested that at all meetings of voting members the brokers be granted one membership with full privilege of representation and vote, and that the board and certain other committees be enlarged to provide two additional memberships to be filled by appointing two brokers with full membership privileges and power to vote. Manager Glidden noted that the discussion was friendly and harmonious. After the conference Mr. Redmond stated the brokers were specific in their request for the representation as indicated, which the brokers set as the minimum requirement for full time brokers. He expressed the committee's willingness to meet with Manager Glidden.

* * *

THREE DIRECTORS NOMINATED

Three names for directors to be voted on at the quarterly meeting of the Chicago Board July 23 were presented by the nominating committee: R. M. Cunningham, Marsh & McLennan; R. F. Napier, R. A. Napier & Co., and W. P. Robertson, western manager North America.

* * *

R. A. Napier, Chicago agent, sailed last week from Montreal on a trip of several weeks abroad.

* * *

W. F. Watson, vice-president of the Stuyvesant, was in Chicago last week.

* * *

A. W. Jenkinson, Chicago manager of the Northern of London, has returned after a two months trip abroad, during which he attended the 100th annual meeting of the Northern. He returned with R. P. Barbour, United States manager of the Northern, on the Europa.

Business Development Bulletin

The first bulletin that the Stock Company Business Development Office in New York has issued is one analyzing the set up of the factory mutual companies. This was presented in the form of a letter to an assured who is weighing the merits of factory mutual and stock company insurance. The Chicago Board obtained a copy of this bulletin and had it mimeographed and copies sent to members.

ATTENTION

ILLINOIS SPECIAL FIELD REPRESENTATIVES

An old, well-established, Non-Conference Stock Company, writing Automobile and Casualty insurance, has an opening for a Special Field Representative in Illinois, who has been traveling that state for at least several years and is acquainted with the better class of agents throughout the state.

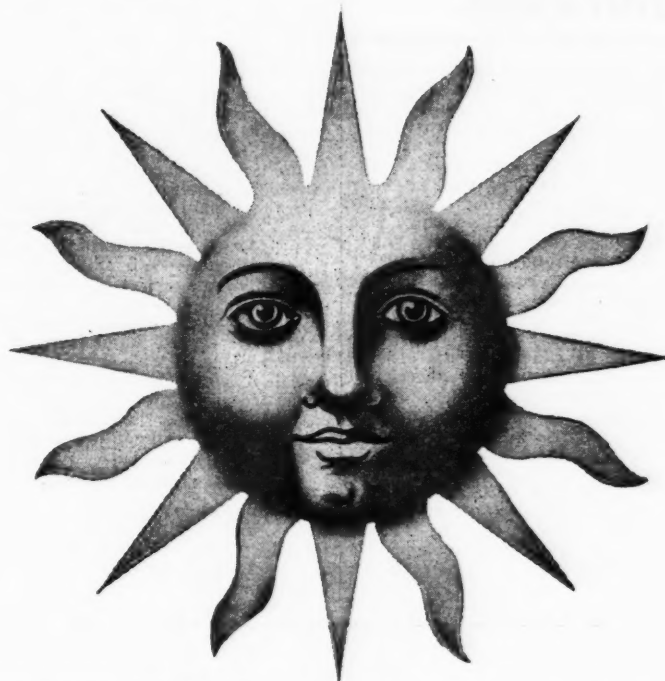
Must be an energetic, hard worker, who controls a large volume of desirable business.

Applicants must give following information in their first letter:

1. Age.
2. Number and relationship of dependents.
3. List previous connections showing exact time spent in Illinois and what part of state you covered.
4. Approximate amount of business you can control.
5. Whether employed at present and if so, the reason for wanting to make a change.
6. Salary expected.

Splendid opportunity for the right man. Position pays straight salary and expenses. Our own Special Field Representatives know about this ad.

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SUN INSURANCE OFFICE, LTD.

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WESTERN DEPARTMENT

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 Chas. W. Ohlsen, Manager

PACIFIC COAST DEPARTMENT

San Francisco, California
 Swett & Crawford, General Agents

MARINE DEPARTMENT

111 John St., New York
 Wm. H. McGee & Co., Inc., General Agents

SUN INDEMNITY COMPANY

55 Fifth Ave., New York
 F. I. P. Callos, President

NEWS OF THE COMPANIES

Increase Eagle, Star Capital

Change In Structure of British Institution Decided Upon—Sir Edward Mountain Reviews the Year

Change in the capital structure of the Eagle, Star & British Dominions was approved at an extraordinary general meeting of the company immediately following the ordinary general meeting in London. Authorized capital is to be increased to £5,500,000 by the creation of 144,044 additional ordinary shares of £3 each. Of this number, 66,919 new ordinary shares of £3 fully paid at £20 a share are to be used.

Sir Edward M. Mountain, chairman and general manager, said this will slightly increase the paid up capital and it will add a large sum to general reserve. "The company has many opportunities," he declared, "as an insurance company with its very large connections and ramifications of investing money such as an ordinary individual could not have and they could make good use of

the new money in their business and at least earn what they were paying on it with insurance business in addition. Indeed, they would probably earn considerably more."

Present stockholders are to be offered the opportunity to buy one new ordinary share for every four shares now held. Giving effect to the change, the fully subscribed capital will be £5,245,049, free reserve fund about £2,450,000, ordinary trading reserve £1,752,190 and credit to profit and loss £257,265, making the total subscribed capital and reserve £9,704,504.

The price at which the new shares was issued was substantially lower than the market price which produced an appreciable bonus to ordinary shareholders.

In his report, Sir Edward stated that the premium income in the fire department last year was £808,087, the incurred loss ratio being 40 percent, which was 2.76 percent lower than in 1934.

The profit in the fire department was £70,139 or 8.68 percent of the premium income.

In Canada, the general trend of busi-

ness was upward and although there was an increase in the price of some commodities and increased inventories, insurance companies reaped little or no advantage in the form of a larger premium income. The loss ratio was again good as the Eagle, Star made a profit there. Better prices for agricultural products and improvement in mining are important factors which must help towards prosperity, but until the effect of these is felt, the Eagle, Star must be satisfied if it holds its own.

In the United States a good year was experienced but the competition was keen. Mutual and reciprocal companies were very active and since rates were drastically cut, it has been difficult to maintain premium income.

The agency fire business of the Eagle, Star in the United States increased, but the total income was lower due to the cancellation of a pool contract with an associated company. United States Manager H. G. Casper is attempting to develop business without lowering underwriting standards.

Auto Liability Problem

In automobile liability, Sir Edward stated that the public is being "extremely well cared for and are getting their insurance at approximately cost price or under."

In Great Britain, the cost of settle-

ment of personal injury claims due to motor accidents is increasing every year and so far this has offset the advantage which has been obtained through the decrease in accidents. The increased cost of settlement is largely the result of legislation in connection with compulsory insurance. He expressed the belief that an upward revision of premiums will be found necessary.

Sir Edward gave warning about covering war risks on cargo. He said underwriters are running heavy risks by covering the war risk, especially on accumulated goods in any large port, such as London, where their commitments would be very large and where it is impossible to know at any one time what any underwriter has at risk.

Limiting the Cover

It has not been possible to limit the cover to the period from the time the goods are placed on board the vessel, but it was decided in September last to give notice under all open covers, both at home and abroad, to cancel the war risk. It was agreed to hold the assured covered at a premium to be arranged subject to 48 hours notice of cancellation. The use of the 48 hours notice in place of the old system of 10 days notice is an improvement, but, according to Sir Edward, does not go far enough.

Total premiums of the Eagle, Star in 1935 amounted to £4,089,433 as compared with £3,774,535 in 1934. Total assets stand at £23,691,499, increase £1,057,387.

About 80 percent of assets are in Great Britain, 10 percent in other parts of the British Empire, 6 percent in the United States and the remainder in other countries, mainly in France, Germany and Belgium.

Roy B. White New Director

Roy B. White, president of the Western Union Telegraph Company, has been elected director of Great American, American Alliance, Rochester American and Great American Indemnity. He succeeds C. F. McCain.

The Merchants Fire of New York has increased its capital from \$1,750,000 to \$2,500,000.

North Dakota Commissionership

Insurance men are interested in the North Dakota nominees for insurance commissioner. Harold Hopton, the present commissioner, was defeated in the Republican primaries by O. E. Erickson of Tappen. In the Democratic primaries, S. A. Olsness, former commissioner, won the nomination. Mr. Olsness served his state with distinction in the past and when he was defeated he was one of those having served longest in the National Association of Insurance Commissioners.

Insure All-Star Game

The all-star baseball game at Boston Tuesday between picked teams of American and National league players was insured under a rain policy covering expenses of about \$12,000. The insured was Baseball, Inc., of Chicago and the business was placed with the Rain & Hail Bureau of Chicago. This was regarded as a good risk because the arrangement was if rain had prevented playing Tuesday, the game would have been played Wednesday.

California Premiums Rise

SAN FRANCISCO, July 8.—Net premiums received by fire and marine companies operating in California increased from \$47,160,045 in 1934 to \$50,781,042 in 1935, according to preliminary report by the insurance division. All classifications except county mutuals showed proportionate gain. Stock companies total net premiums for 1935 were \$47,077,330 against \$43,870,417 in 1934. Net losses paid increased from \$16,460,814 in 1934 to \$17,680,334 in 1935 for all classes of fire and marine carriers.

PROVED IN DISASTERS

The Springfield has paid all losses "dollar for dollar" SINCE 1849



The SPRINGFIELD GROUP OF FIRE INSURANCE COMPANIES

Geo. G. Bulkley, President

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| CONSTITUTION DEPARTMENT | SPRINGFIELD, MASS. |
| SENTINEL FIRE INSURANCE COMPANY | SPRINGFIELD, MASS. |
| MICHIGAN FIRE & MARINE INSURANCE COMPANY | DETROIT, MICH. |
| NEW ENGLAND FIRE INSURANCE COMPANY | PITTSFIELD, MASS. |

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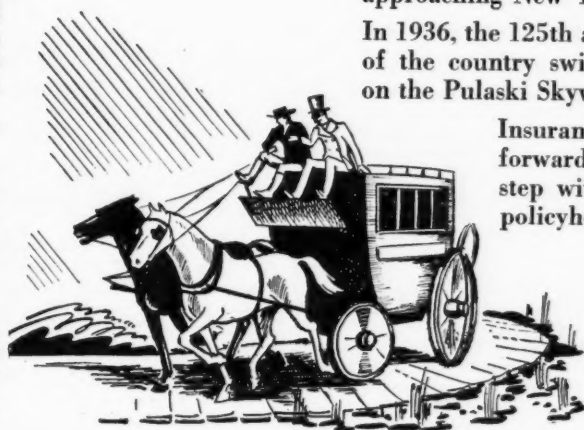


125th
Anniversary

The old plank road

IN 1836, the twenty-fifth anniversary of The Newark Fire Insurance Company, heavy stage coaches rumbled over the old plank road which was laid through otherwise impassable salt marshes on the route approaching New York.

In 1936, the 125th anniversary of the Company, motorists from all parts of the country swiftly glide far above what is left of those marshes on the Pulaski Skyway.



Insurance, like transportation, has taken tremendous strides forward. The Newark Fire Insurance Company has been in step with that progress, serving generations of agents and policyholders for the past one hundred and twenty-five years.

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EXECUTIVE OFFICES, 150 WILLIAM STREET, NEW YORK, N. Y.
A MEMBER OF THE ROYAL-LIVERPOOL GROUPS

GULF INSURANCE COMPANY

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Policy Holders' Surplus Over \$2,000,000.00

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BUILD YOUR FUTURE WITH RELIABLE

Since organization Reliable Fire Insurance has grown steadily . . . and we are now looking forward to an even brighter and bigger future. You can build your own future with Reliable . . . the company noted for their cooperation with agents. Investigate the possibilities by writing . . .

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An independent Ohio Company with a Current Surplus to Policyholders of \$1,106,093.39



Special Agents
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For West Virginia
Fred C. Campbell

VIEWED FROM NEW YORK

By GEORGE A. WATSON

HARRY P. WOOD IS DEAD

Harry P. Wood, a member of the important New York City brokerage firm of F. C. Carr & Co., died at his home in New York. He was well known in agency as well as in brokerage circles, having been a special agent of the Home in the New England field at one time, and subsequently a general agent of the Royal in New York suburban territory. A brother, George E., was until recently general agent in a section of Long Island of the North British & Mercantile, while his father, the late Silas P. Wood, will be recalled as one-time president of the British American of New York.

SMITH HEADS FAIR COMMITTEE

Harold V. Smith, vice-president Home, has been named chairman of the insurance committee of the World's Fair Corporation, which is preparing for the New York world's fair of 1939. Mr. Smith has chosen the following as members of the committee: James J. Hoey, Vincent Cullen, president National Surety; Hendon Chubb, Chubb & Son, New York City; John McGinley, vice-president Travelers, and Lyman E. Thayer, president Insurance Brokers Association of New York.

MORE SUMMER RESORT BUSINESS

Insurance companies report increased business from new cottages and mansions built at summer resort places, especially near lakes, the ocean or by streams. These cottages have been more profitable in recent years and companies do not hesitate to write them. Seemingly more people are able to take advantage of summer vacations and are providing cottages for their families. In almost every direction new cottages have been erected this year.

RETURN TO ENGLAND

J. G. Nicoll, general manager of the Scottish Union at Edinburgh, and Mrs. Nicoll, together with D. M. Abbott, director of Gold, Cook & Co., reinsurance brokers of London, and Mrs. Abbott, sailed for home on the Berengaria. They have been in this country since May.

NEW CYCLOPEDIA IS OUT

From the press of the Index Publishing Company, New York City, has been issued the annual edition of the "Cyclopedia of Insurance in the United States," replete as always, with the type of information underwriters are forced to seek constantly. In addition to listing all fire, life, casualty and marine com-

Western Reserve Outing

The Western Reserve puddle of the Ohio Blue Goose will hold a golf tournament and dinner at Shady Hollow Country Club, Canton, July 14. The Ohio pond has donated a silver golf trophy which will be presented to the member with the low net score and will be held by him until the next tournament. Any member winning the trophy three times in succession will hold it permanently.

O. F. Gibbs, state agent Atlas, is chairman entertainment committee and C. H. Garbutt and H. P. Winter, America Fore are the local committee handling arrangements. E. E. Heasley, Jr., Underwriters Adjusting, is big toad of Western Reserve Puddle. This is the second tournament which the puddle has held this summer and a large attendance is expected.

Miss Carolyn Holmes of Summit, N. J., for some time in the Newark office of the Schedule Rating Office of New Jersey, was married to Donald R. Sheldon of the Newark office of Crum & Forster.

panies with essential figures of each, the work presents biographic sketches of officials; explains the nature of the principal contracts used in all divisions of the business, the scope and membership of insurance organizations, and much other information tending to post those desiring to keep pace with ever changing conditions in the underwriting field.

SOCIETY PRIZE WINNERS

Prize awards to students who took the Insurance Society of New York course and took the examinations in April of this year were announced by John J. King, chairman of committee on prizes.

Winners of the first prize in the Casualty II course were A. D. Brown, Great American Indemnity and W. E. Maine, Jr., General Accident. Winner of first prize in Casualty III was Edward Carroza, Fidelity & Casualty.

In Fire II, first prize winners were C. F. Hargrett, Great American, and H. W. Saler, Cornwall & Stevens. In inland marine, first prize winner was F. O. Wipprecht, William Stake & Co. In marine I, first prize was won by R. A. Murphy, Chubb & Son. In Surety I, first prize was won by P. G. Andrews, Indemnity of North America.

Must Pay Premium Tax Even If License Is Not Renewed

LANSING, MICH., July 8.—The state's insurance premium tax must be paid on all business done in Michigan as long as a carrier operates here and the levy constitutes a lien on any of its assets in event of liquidation, according to an opinion of Judge Carr of Ingham county circuit court in the state's suit against the National Life, U. S. A.

The receiver for the National Life attempted to avoid payment of some \$12,294 in taxes accumulated on business done during the fiscal year in which the receivership was decreed. It was contended that the state levy is purely a privilege fee, payable at the time license is issued but not collectible subsequently if the carrier does not remain in business during the whole of the following license year. This view of the law was contested by the department and Judge Carr upholds the departmental position.

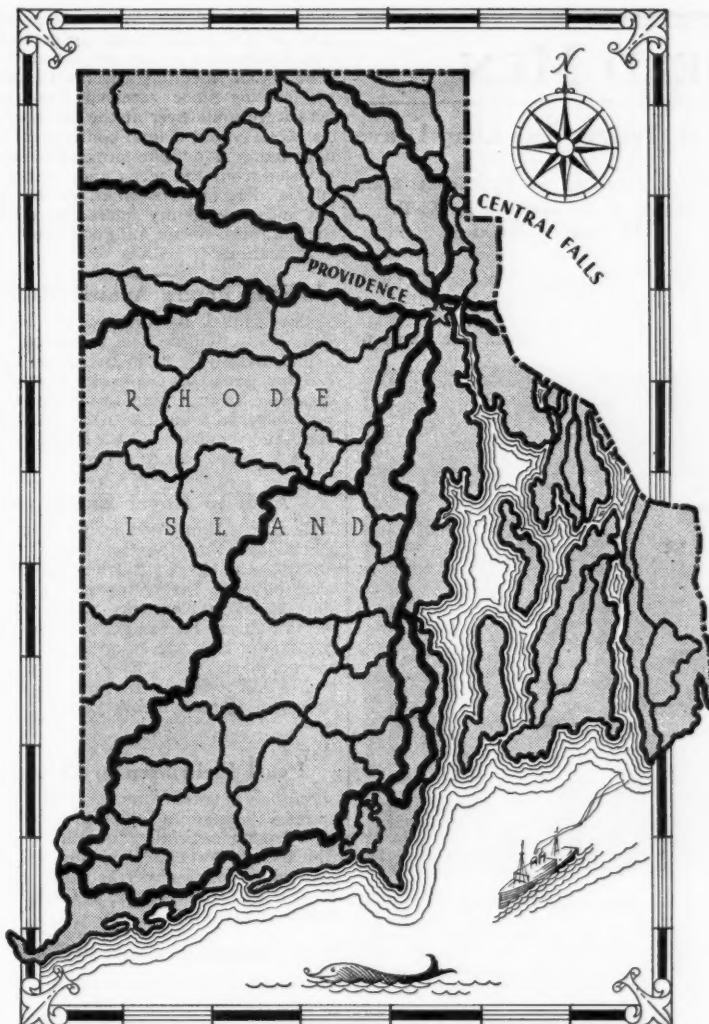
The court points out that if the National Life receiver's theory were accepted a new company entering the state would be exempt from taxation during the first year of its operations here if it did not choose to continue its license.

The court admits that payment of the tax is made a condition precedent to renewal of license but it is held that "it does not necessarily follow ** that the tax must be regarded as assessed for such continued exercise of the privilege. Its purpose is to enforce payment by a termination of the privilege to do business in the event of a default in the payment of the tax within the time specified."

Under the general judicature act state claims against corporations operating in Michigan which encounter difficulties, are preferential, said the court.

Costello With North America

Albert G. Costello, who resigned recently as deputy commissioner of Pennsylvania in charge of the Philadelphia district, has joined the North America in the production department. He will be located at the head office. He is a son of the late Congressman Peter Costello, who represented Philadelphia in Congress for many years.



The *Smallest* State Does the *Biggest* Job When It Comes to Preventing Traffic Accidents

RHODE ISLAND

While the other forty-seven states and the District of Columbia were experiencing motor vehicle death rates ranging from 14.2 to 46.8 per 100,000 population last year, little Rhode Island led the nation with a rate of but 12.6. The rate for all states was 28.6; thus less than half as many persons were killed in Rhode Island as might normally have been expected.

PROVIDENCE, R. I.

While twenty-two other cities in its population group (250,000 to 500,000) reported motor vehicle death rates ranging from 13.1 to 32.5 last year, Providence led the nation with a rate of but 7.0. This is just about one-third the average rate for all cities in this group, and is barely more than one-half that of its nearest competitor for safety honors.

CENTRAL FALLS, R. I.

While fifty-eight other cities in its population group (25,000 to 50,000) reported motor vehicle death rates ranging from 2.1 to 35.3 last year, Central Falls led the nation with *no* fatalities. It was the largest city in the country to accomplish this feat, according to available records, and the only city of more than 25,000 population to finish the year with a rate of 0.0.

What Rhode Island *Has Done*, Every State *Can Do*!

Published in the Interest
of Street and Highway Safety

By

**THE TRAVELERS
INSURANCE COMPANY**

Hartford, * * * Connecticut

NEWS OF FIELD MEN

Winnard to the Head Office

Ohio Field of the Fire Association Has Been Rearranged Because of This Promotion

President Otho E. Lane of the Fire Association group announces that R. S. Winnard, Ohio state agent, will shortly take up administrative duties at the head office in Philadelphia. Mr. Winnard joined the Ohio Inspection Bureau in October, 1911, finally joining the Fire Association as special agent in 1924.

The Ohio field is being rearranged. George L. Coates becomes state agent in northeastern Ohio with headquarters at Cleveland, and Charles N. French, heretofore associated with Mr. Winnard, becomes state agent for western Ohio, with headquarters at Columbus. The southeastern counties will remain under the supervision of State Agent Charles E. Hutchinson, with headquarters at Parkersburg, W. Va.

Howard Archer Has Resigned

Howard A. Archer, former western field man for the Meserole group, later a local agent at Paris, Ill., who recently has been acting as field man for the Franklin W. Fort reinsurance group of Newark, N. J., has resigned. He is planning to go to Mexico. In recent weeks he has been working on the Pacific Coast.

Colorado Blue Goose Elects

DENVER, July 8.—The Colorado Blue Goose at its annual meeting here named Herbert Johnson most loyal gander. Other officers named were: George B. Side, Fidelity & Guaranty Fire, supervisor; A. J. Dunn, Standart, Main & Brewster, custodian; Herbert Cobb Stebbins, Cobb & Stebbins, guardian; O. M. Moore, Firemen's group, keeper; H. J. Helmkamp, America Fore, welder. Mr. Johnson and Mr. Helmkamp were named delegates to the grand nest meeting. A. J. Lehwaldt, America Fore, past most loyal gander, installed the officers.

Harmon's Work Divided

NEW YORK, July 8. — Following the transfer of R. J. Harmon from Indiana, where he was associate state agent, to Illinois in the same capacity, his work in the former field has been apportioned among the remaining six field men of the group, all working under the direction of State Agent L. J. Fischer. R. L. Engle, associate state agent of the group, is a son of the late John Engle, for many years Indiana state agent of the National Liberty, now a member of the Home fleet.

J. B. Tetlow Gets Long Leave

Illinois Territory of Prominent State Agent to Be Handled by E. B. Heffran of Rockford

John B. Tetlow of Peoria, Ill., well known state agent for the American, at his own request, has been granted a six months leave of absence. He plans to



JOHN B. TETLOW

pass the time on a farm in Indiana, near Dayton, O., which is owned by Mrs. Tetlow. What his future setup will be depends on how well he recuperates during the leave.

Mr. Tetlow's field will now be supervised by State Agent E. B. Heffran, whose headquarters have been in Rockford and who has handled northern Illinois and by an assistant to be named later. Mr. Heffran is a resourceful field man.

County Board Conference

MILWAUKEE, July 8.—At a special meeting of members of the public relations committee, officers and other members of the Wisconsin Fire Underwriters Association, following luncheon here Monday noon, the program of sponsoring the organization of county units of local agents throughout Wisconsin was discussed. The past year more than 32 counties were organized into board units and while the organization effort is to be continued, future plans include maintaining interest in boards as they are organized and keeping them functioning in the interests of the local agents and public. H. J.

Girard, Providence Washington, chairman of the public relations committee, said discussions on the subject at the recent annual meeting at Elkhart Lake and suggestions since received from members were gone over at the meeting here on Monday and a final conference Tuesday noon. A definite program is being devised from the ideas and suggestions advanced from all sources, so that present and new county boards may obtain the fullest measure of good from their organizations.

Indiana Pond's Annual Meeting

The annual meeting of the Indiana Blue Goose will be held following a dinner Monday July 27 in Indianapolis. The Indiana pond has made the greatest increase in membership this year since it was organized in 1906, this being the 30th anniversary. G. L. Heinz is now most loyal gander.

Akin to Royal Exchange

George Akin, formerly Tennessee special agent of the Continental, under State Agent George Harbeson of Nashville, has left that company to become state agent in Kentucky and Tennessee for the Royal Exchange, succeeding M. B. Berry. His successor in Tennessee has not been named by the Continental. Mr. Akin was with the Kentucky Actuarial Bureau before taking up field work.

Pearl Field Men in Chicago

Special agents from six mid-western states will attend a meeting at the western department office of the Pearl in Chicago this week. Company problems and office policies will be taken up and S. B. Hopps of New York City, United States general agent, will speak.

Desmarais to Texas

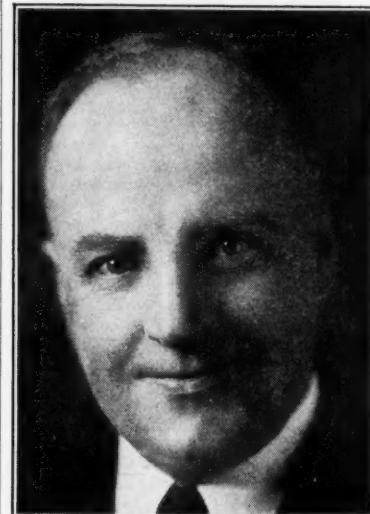
John P. Desmarais, who has represented Corroon & Reynolds in Louisiana for the past two years, has been transferred to Houston, Tex., and will have supervision over all of Texas. His successor in Louisiana has not been announced.

Ohio Fire Prevention Committees

L. C. Heller, new president of the Ohio Fire Prevention Association, has appointed on the executive committee: W. W. Waters, Ohio Farmers, chairman; R. W. Kapp, Phoenix, Ct.; R. H. Dunbar, Home, N. Y.; F. J. Weber, Firemen's; D. E. Tanner, Commercial Union; W. P. Jones, Security, Ct.; O. A. Ogden, National, Ct.; H. D. Smith, Detroit Fire & Marine; Carl Roggenkamp, Security, Iowa; W. N. Robbins, American, N. J.; H. C. Anthony, Travelers Fire; F. G. Lisle, North British & Mercantile.

Chairmen of other committees are: Inter-Chamber Fire Waste Contest, A. E. Bulau, Home, N. Y.; electrical, Fred O. Evertz, Ohio Inspection Bureau; public buildings, F. R. Middaugh, Ohio

Hoosier Chief



MORRIS O. JONES, Indiana

State Agent Morris O. Jones of the Fireman's Fund group, who has the central and southern part of Indiana for his companies, becomes president of the Indiana Fire Underwriters Association. He was formerly connected with the Neare, Gibbs & Lent agency of Cincinnati, being automobile special agent. He then connected with the Fireman's Fund, traveling out of Cincinnati as an automobile field man. He resigned to enter the local agency business at Cincinnati but returned to the Fireman's Fund as special agent in Indiana when W. L. Leonard, now general agent in the western department, was state agent. He succeeded Mr. Leonard as state agent in the central and southern section.

Inspection Bureau; fire protection and water supply, R. B. Criswell, Ohio Inspection Bureau; farm, T. E. Gorman, Aetna; public relations, Martin Vold, Jr., Springfield F. & M.

Kell Heads Chesapeake Pond

At the annual meeting of the Chesapeake Blue Goose of Baltimore John F. Kell was elected most loyal gander; R. A. Jonscher, North America, supervisor; Harry Hazelhurst, Jr., Royal, custodian; E. S. Windsor, guardian; F. W. Brundick, keeper, and H. F. Schmidt, welder.

Oregon Blue Goose Election

At the annual meeting of the Oregon Blue Goose at Portland, Dudley G. Allen, London & Lancashire, was elected most loyal gander; James C. Hitt, London Assurance, supervisor; W. E. Schiffer, Seeley & Co., custodian; L. N. Brainard, Aetna Fire, guardian; L. R. Centro, St. Paul F. & M., keeper; Roy

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Owens, adjuster, welder. The most loyal gander was chosen as delegate to the grand nest meeting at Oklahoma City and Past Most Loyal Gander Francisco Seley as alternate. James Schon, deputy insurance commissioner of Oregon; James Kamrar, Firemen's, and T. Kaser, surveyor Oregon Insurance Rating Bureau, were elected to membership.

Schlaich in Field Work

The Eagle Star & British Dominions has appointed John J. Schlaich as special agent for the New England field. He has been an examiner for a number of years in the United States branch. He will assist State Agent P. M. Wilbert, Jr., and have his office with him at 55 Kilby street, Boston.

Holmes Hyland Resigns

The Security of New Haven has closed its Seattle offices. Holmes Hyland, special agent, has resigned.

Wheeler Goes to Oregon

Jack Wheeler, who has been special agent in Seattle for C. B. DeMille general agency has moved to Portland. He will replace Frank Glover. His post at Seattle will be taken by Clarence Young.

New Jersey Executive Committee

Fred L. Bross, newly elected president of New Jersey Special Agents Association, has appointed his committees. The executive committee consists of F. G. Adams, H. C. Guempel, C. G. Houghton, F. W. Lau, and J. F. Luchs.

Louisiana Blue Goose Plans

A cruise on Lake Pontchartrain this month and others later in the summer and initiation of several ganders at which full regalia will be used, are among the early plans of Chester E. Farrell, most loyal gander of the Louisiana Blue Goose.

DeCelles Again Speaks His Mind

(CONTINUED FROM PAGE 4)

or a corporation, and who attempts to write the business of that corporation merely to obtain an extra commission advantage because of his position. If we did that in public office you would call it graft. Treasurers of banks have many times insisted that persons applying for a mortgage, place fire insurance through them before approval of a loan. This is unfair competition, but the companies themselves can stop the practice by refusing to appoint such persons as agents. On the other hand the part-time agent who is engaged in some other gainful occupation, but who maintains a small insurance business on the side, has much of my sympathy.

Out-of-state Agency Problem

"The real test of an agent is his sincerity to serve the people that he represents, by his ability to give to the policyholder the protection that the policyholder expects, and at the same time play fair with his company. The fourth competitive evil comes from the out-of-state agency that writes a large volume of country-wide business. I cannot see any great objection to this type of operation, provided that the out-of-state operator does not obtain company concessions that make his competition against the local agent unfair. Of course it is perfectly true that great nationwide business organizations prefer to write all of their insurance through one agency. There is no particular fault to find with this practice, except when that one agency is able to compete in the field against our local agents by unfair company commission concessions made on the basis of large premium volume. "On the other hand I have viewed with considerable concern, certain nationally known agents, who have been writing local risks on a nation-wide basis, by means of an arrangement with

a company that finances part-time payments on commodities.

"A man goes to his local automobile dealer to buy a car; payments are arranged; at the time the payments are arranged a certain amount of money is added for 'insurance.' That is all he knows about it—oftentimes he doesn't receive a policy. I found in the past two months two finance companies that did not issue policies, but attempted to 'insure' the financed commodity by means of a fund that they were setting by themselves. Still another group placed the 'insurance' in an unadmitted reciprocal.

"If the buyer of the automobile wishes to exercise his own judgment in regard to the coverages that he would like to obtain, or wishes to exercise his own judgment in the choice of an agent, or a company, he is not permitted to do so. The auto company refuses to finance. This, I believe, is illegal.

"The entire procedure of insurance of financed commodities is so hidden and obscure, that it is practically impossible for anyone to determine whether the cost is discriminatory or not, and in a great many cases it is practically impossible to determine in what company the insurance is placed. This type of financing will have the attention of my department, in the near and immediate future."

Factory Mutuals Pay Tax in Minnesota on Net Basis

(CONTINUED FROM PAGE 4)

mutuals is transacted in states in which they are licensed. Mr. Freeman expressed the hope that Georgia will subsequently do as several other states have done and permit the factory mutuals to operate and pay a tax only on the net premium.

Chesley and Rygel Tie

In the much advertised test of stamina and skill between John Rygel, secretary of the Hanover at Chicago, and H. W. Chesley, assistant secretary Western Underwriters Association, which was finally conducted Tuesday of this week at the River Forest golf club, with the temperature at 110, there was a tie. This was a long standing feud and there was much disappointment because the result was indecisive. The idea was to see which one could get the ball in the most number of holes with the least number of strokes and on this basis each proved as good as the other. However, on the basis of the number of strokes at the ball to get it into the entire 18 holes, Mr. Rygel proved superior, he needing only 95 strokes for the undertaking whereas Mr. Chesley required 100.

The contest was arranged by T. A. Pettigrew, manager Underwriters Adjusting, and the gallery consisted of 16 fire insurance executives who had wagered substantially on the outcome. Referees were E. A. Henne, America Fore, and W. J. Tipperly, Aetna Fire. Mr. Pettigrew announced he will be host next year at a similar engagement.

The gallery competed for prizes, the winners being: John F. Stafford, retired western manager of the Sun; Kenneth Ogilvie, Norwich Union, and C. W. Ohlsen, Sun.

Blackmon Starts Own Line

Clifton Blackmon, editor of the "Southwest Insurer" of Dallas, has resigned to enter business for himself and has formed the Blackmon Letter Service in Dallas. He had been editor of the "Southwest Insurer" something over a year. Formerly he was connected for several years in an editorial capacity with the "Insurance Field."

Action Is Not Barred

The Kansas supreme court has held that an action to recover on a fidelity bond given by an insurance agent to his company is not barred by the statute of limitations when it is begun within five years after the breach of its condition.

The case was Massachusetts F. & M., et al, vs. Howe, et al.

North Goes to Syracuse

Frederick B. North, who has been associated with the Marine Office of America in the inland marine department in New York City for six years, has been appointed special agent for western New York state. Mr. North will be located in Syracuse.

Northern Pays Extra Dividend

In addition to the regular dividend of \$1.50 per share, the Northern of New York will pay an extra of 50 cents per share, both payable July 30 to stockholders of record July 20.

W. U. A. Concludes Mailings

The Western Underwriters Association has now completed its series of 16 weekly bulletins promoting the interest of stock company insurance. These bulletins went to more than 45,000 agents and others in the 15 W. U. A. states over the 16 week period. Much interest has been displayed in these mailings and leaders in the W. U. A. believe that the spirit of agents has been improved and that the field force has become more aggressive in championing stock insurance.

The "educational program" is to be renewed in the fall, on a somewhat different basis. Considerable research is being made and bulletins will be issued periodically covering specific subjects, such as the non-assessable policy. These

bulletins will be individualized for the different states and laws and court decisions will be cited. The work will be coordinated with that being done by the Business Development Office in New York. W. U. A. solicits suggestions from readers as to how the service might be made more effective.

Aldridge's Mother Dies

S. C. Aldridge of St. Paul, president of the Minnesota Association of Insurance Agents, was called to Huntington, Ind., by the death of his mother.

New Brunswick Dividend Action

In addition to the regular semi-annual dividend of 50 cents the New Brunswick Fire has declared an extra of 25 cents, both payable Aug. 1 to stock of record July 24.

W. L. Perrin & Son of New York City has been named metropolitan agent by the New Hampshire Fire for all inland marine and floater forms, having represented the company for many years as fire agents. The appointment does not affect the general agency arrangement of Alan H. Bonito & Co. with the New Hampshire. The Perrin office continues to handle inland marine and floater forms through the Agricultural which it has represented for 20 years.

The dredge *Boaz* burned at Manchester, O., causing a partial loss of \$6,000, which was covered by insurance.

Mrs. Churchill Smith, wife of the Canadian manager of the Royal-Liverpool group, is now on a long holiday in England, where Mr. Smith will join her in July or early in August.

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EDITORIAL COMMENT

Dangers Are Pointed Out

Two men of experience in recent addresses made some comment on local agency practices that is of wide interest. Insurance Commissioner SMITH of Utah, who was formerly an agent and an agency manager before taking his present position, called attention to the danger of cutting rates too low because a company will begin to recoup on the claim end. Competition, in his opinion, should be on the basis of service, knowledge of the coverage offered and an intelligent understanding of a client's problem. Reducing rates, he said, should only come when there is some justification and not merely made as a competitive measure. Where there have been improvements on property or where a person himself has removed hazards then a rate can be reduced with entire propriety.

Then came CLYDE B. SMITH, the redoubtable one of Lansing, Mich., former president NATIONAL ASSOCIATION OF IN-

SURANCE AGENTS, who always had something worth while to say when he was head of the order in his public utterances, appearing in a new role by addressing field men. He made his talk to the INDIANA FIRE UNDERWRITERS ASSOCIATION in annual convention assembled. Mr. SMITH made observations on a number of subjects but he called attention to the demoralizing effect of high commissions beyond what might be called the normal or natural standard and rates that were below the natural and normal standard. Competition in price, he said, is demoralizing to the agent as well as the public. Insurance companies that are standing the test, offering the greatest service and are permanent are those that have followed pretty much the rules of experience and the economic laws. They realize that selling below cost or paying for more than business is worth is always perilous and if continued will lead to ruin.

Sharing the Loss Ratios

INSURANCE DIRECTOR PALMER of Illinois, in his rate reduction order, claims that rates are discriminatory so far as that section of Illinois is concerned in the southern part of the state familiarly known as "Egypt." He calls attention to the fact that rates are higher in that section and he insists on the same schedule being applied to all the state. He desires that the discrimination against "Egypt" be eliminated. That brings up a very interesting and pertinent question and it may introduce two schools of political thought.

Speaking from an idealistic standpoint, we might feel that where regions are unfortunate those that are more fortunate should not object to a leveling process. The same question arose, for instance, in Wisconsin where farm underwriters conferred with Commissioner MORTENSEN about rates and rules for farm property in that state. The commissioner, a very high minded man, hoped that in due season there would be one farm schedule for all of Wisconsin and that the northern part of the state, which represents a section that has been cut over, would not be penalized. The more fruitful and productive farms of southern Wisconsin with lower rates should be glad, in his opinion, to pay more for their insurance, in order to make the burden lighter for those in a less desirable section.

Here we have in a mild way the "share the wealth" program. It would fall on the more prosperous and more

fortunate to pool their issues with those on lower levels so that there would be one ground floor and all would fare equally. Undoubtedly at times the extremes are too great and there should be a swing toward the center. If every business were regimented by the government and all courses laid out, if there were no personal initiative and little freedom of action, then the pooling of interests in a communal fund could be done successfully.

However, in dealing with the subject in a practical way, when we consider the very strong competitive influences we believe that there can be no leveling of rates so that the very unprofitable sections shall have the same schedule as the more profitable. Usually there is some basic reason for the higher loss ratios in certain sections. This may be due to the character of the country, the kind of work done, the moral fiber of the people, the kind of construction, etc.

We might carry this same argument to its logical conclusion and then say that the owner of a building who has used fire preventive construction and has employed every means that he knows of to make fire loss almost impossible should pay the same rates as a frame building with combustible contents. Again we might say that the city that prides itself on its fire defense and keeps itself adding facilities to a higher standard should not be given any credit for this policy.

We can narrow down the practical

phases of this subject by pointing out the fact that the mutual companies which seek to give their policyholders as high refunds as possible do not write in the unprofitable sections nor do they seek the unprofitable risks. If we were to put all sections on the same level then it would seem that the mutual companies where there is no profit to be paid stockholders might become benefactors

and seek the same level for all their members. This they do not do and if therefore the same rating schedule were to be applied to profitable and unprofitable sections the stock companies would find that their mutual competitors would write in the better districts at less rates than manual and force the stock companies into the areas which have proved unprofitable.

Extending Credit Too Liberally

THE MINNESOTA ASSOCIATION OF INSURANCE AGENTS "Minnesota Insurance News" issues a warning calling attention to the danger of local agents in not recognizing as they should the necessity of close collections. The cause of so many agencies finding themselves in distress when the depression struck amidst ships was found in the fact they had been lax in collecting what was due them. They had extended credit entirely too liberally. Therefore they had large outstanding amounts due them and their companies could not get their bal-

ances. This brought on much confusion and embarrassment.

Credits began to tighten up, local agents put their houses in better order but with affairs in more promising shape there is danger now of slipping back to looser methods in collecting premiums. There is no more reason for extending undue credit on insurance premiums than there is on any other obligation that is due. People have gotten in their minds that insurance premiums can be set aside and be paid at any time. Local agents need to study credits very carefully.

PERSONAL SIDE OF BUSINESS

One of the delegates to the Republican state convention in Milwaukee Wednesday and Thursday of this week is Mrs. Walter Krueger, who is head of the Krueger agency at Green Bay, Wis. Mrs. Krueger is a prominent agent in her city and is active in the community.

John H. Packard, who retired as United States manager of the London Assurance in December, 1929, is living very comfortably at Wayne, Pa., within easy distance of Philadelphia, where several of his children are located and whom he frequently visits. The Packard family has been identified with underwriting affairs of the Quaker City for several generations, an association likely to be long continued, one of Mr. Packard's sons being connected with a leading agency there at the present time. Other members of the family are associated with financial institutions of the same city.

A. A. Moser, president Merchants Fire of New York, has completed a three months' trip to the west coast, in the course of which he went as far north as Vancouver, and south to Los Angeles, stopping at all important midway centers. The return from San Francisco was via the Panama Canal. He was accompanied by Mrs. Moser.

Editor John E. Puckette of the "Insurance Field" is wielding a ready, versatile and fervent pen these days. He is suffused with sentiment, pride and ambition. It is all due to the arrival of a new son. This is the second in the Puckette household. The boy is named Cleveland Puckette. Whether he bears the honored name of Grover Cleveland or whether Father Puckette turned back to his native state and named the boy after Cleveland, Tenn., is not announced. Or perhaps he hankers after the cooling breezes of Lake Erie and

hence admires Cleveland, O., with its exposition on this year. Editor Puckette had a number of Cleavelands to draw upon as he could have chosen Cleveland from Alabama, Arkansas, Florida, Georgia, Kansas, Minnesota, Mississippi, Missouri, Montana, New Mexico, New York, North Carolina, North Dakota, Oklahoma, South Carolina, Texas, Utah, Virginia, West Virginia, Wisconsin.

Mayhap the new son was named after Grover Cleveland Alexander, famous as a baseball pitcher a few years ago. Mr. Puckette's press agent gives it as his impression that Cleveland, Tenn., is a romantic town that appealed to the father and hence undoubtedly the name sprung from that region.

T. J. Irvine, United States manager of the Phoenix of London, is again at his New York office following a three weeks' trip among agencies throughout the central west. Previously he made a swing through the south.

Dewey W. Johnson, deputy Minnesota commissioner, will take a leave of absence in August to campaign for Congress. He was nominated by the Farmer-Labor party in one of the Minneapolis districts.

H. B. Hickock, assistant secretary Merchants Fire, Denver, has been on a business trip to Omaha in connection with payment of hail losses as a result of recent storms. He also visited Lafayette, Ind., where his nephew was graduated from Purdue University.

Samuel C. Loventhal, son of Charles B. H. Loventhal of Loventhal Brothers of Nashville, who conduct a general insurance agency as well as represent the Northwestern Mutual Life, has entered the Loventhal office after graduating from Vanderbilt at the age of 21 with magna cum laude honors. He was awarded the Phi Beta Kappa key and

THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Wabash 3704.

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Subscription Price \$4.00 a year in United States and Canada. Single Copies, 20 cents. In Combination with Life Insurance Edition, \$5.50 a year. Entered as Second-class Matter April 25, 1931, at Post Office at Chicago, Ill., Under Act March 3, 1879.

was president of that group in his class. On the day that he entered his insurance career he secured a life insurance application.

His father won the prize for the largest number of applications secured during Life Insurance Week in Nashville. He wrote 15. He wrote 35 applications in May. Mr. Loventhal is one of the star producers for the Northwestern Mutual Life and keeps up his general insurance work also. He is the first member of the Tennessee agency in 15 years to win membership in the Marathon Club of the Northwestern, as he wrote 102 policies.

There are three brothers that are producing life insurance, Lee J., Martin S. and Charles B. H.

The engagement of **Arthur L. Dahl, Jr.**, son of A. L. Dahl, secretary of the San Francisco Brokers Exchange, and Miss Joyce Lyon, daughter of **George F. Lyon**, prominent San Francisco broker, has been announced. The wedding will be in September.

Charles R. Page, vice-president of the Fireman's Fund, has returned to the head office in San Francisco after several weeks visiting the several eastern departments of the companies.

W. W. Wolford, 63, for 20 years an examiner in the Ohio department, died in a Columbus hospital. He was one of the oldest examiners in the department. His son-in-law, Carl Lively, is connected with the Ohio Inspection Bureau.

Edward E. Goodwyn, Emporia, Va., local agent, served as a colonel overseas as a 29th division staff officer during the war. As Colonel Goodwyn explained when friends asked him at the recent convention of the Virginia Association of Insurance Agents how much bonus he got, no officer ranking higher than a captain was entitled to a bonus. Colonel Goodwyn was the highest ranking non-professional officer from Virginia who saw active service overseas. He is a former president of the Virginia association and a regular attendant at the annual conventions of that organization.

Samuel M. Buck of Chicago, western manager of the Fireman's Fund group, is in Canada on a fishing trip, operating in the Lake of the Woods district. Mr. Buck is one of the most successful and enthusiastic anglers in the insurance business.

Following an operation in the Elizabeth General hospital, Elizabeth, N. J., **W. D. Grier**, secretary of the North British & Mercantile in charge of the improved risk department, suffered a heart attack and died. He was 66 years of age. He started in the insurance business in the John C. Paige agency of Boston. About 35 years ago he joined the North British as a junior engineer. He had acquired by self education a

knowledge of chemical engineering and his work with the North British was in special lines, where his engineering training and knowledge of chemistry could be utilized. For some time he had charge of the engineering and inspection departments and the underwriting of sprinklered risks. He was chairman of the Sprinkler Leakage Conference in 1927. He was active in the Underwriters Service Association, Factory Association, Western Factory, Underwriters Bureau of New England and the old Underwriters Bureau of the Middle and Southern States. He was the author of a book on fire protection and of articles of a technical nature dealing with chemical engineering. He had as a hobby the development of microscopical science and at the time of his death he was vice-president of the Microscopical Society.

Mrs. Cristine B. Nolan, president of the Underwriters Association of Hudson county, N. J., is recovering at her home in North Bergen after being at North Hudson hospital with a broken leg. She was collecting rents when she fell on a flight of stairs, fracturing the leg above the ankle.

A. M. Jens of Fred S. James & Co., Chicago, who was severely injured in an automobile accident near Mayfield, Ky., more than three months ago, has now returned to his duties, working half days until his strength returns. Mr. Jens still carries a cane but except for a few sore spots is in excellent condition despite the serious nature of his injuries. He spent two weeks in the hospital at Mayfield and since that time has been recuperating at Geneva, Ill.

R. Leland Meeks, Kentucky state agent Fidelity & Guaranty Fire, has been confined for several days to a Louisville hospital, where he underwent an operation as a result of aggravating an old trouble while playing golf at the recent Blue Goose outing.

Frederick A. Field, Jr., head of the Fred A. Field & Son agency of Rutland, Vt., prominent in banking circles and former president of the Vermont Association of Insurance Agents, died there, aged 55. He entered his father's agency immediately after graduation from Amherst college in 1903.

C. W. Seanor, assistant general manager of the Underwriters Adjusting, is in Minneapolis undergoing medical observation. It is likely that he will have to undergo an operation. He was located in Minneapolis for 12 years and accordingly desired to go to that city for treatment when he became ill.

The father of **J. Burr Taylor**, secretary of the Missouri Fire Prevention Association and special representative of the fire prevention department of the Western Actuarial Bureau, died July 3 at his home in Omaha, after a long illness.

IN THE FIELD WITH OLD IRONSIDES

by H. J. B.

OSCAR, leave me be one of the first to congratulate you. I always claimed you had the stuff in you, even when everybody else was knocking and arguing that you were nothing but a smart aleck punk, and different cracks like that. What I always say is that any young fellow is liable to make a monkey out of himself sometime or other, but if he has the right stuff in him he will finally come through the way you're doing now. Of course, Oscar, it's going to be a hell of a lot different travelling on the road. I mean really different. That examiner's job you have been holding down is nothing in comparison. Maybe once in a while George Bell would bark at you when he was not feeling so good, or Dean Dresser would give you a going over on account of some loss, but the next day it's forgotten and everything is Jake again. But on the road something is coming up all the time and you have to carry the whole load. Agents are crowding you every minute, the other field men are all sticking a dagger in your back, you are always missing trains or buses, eating lousy meals, and sometimes you go a whole week without meeting any of your pals. After you have had a few weeks of it, you will wish to God you was back in Chicago being bawled out by George Bell, but don't let anybody try to discourage you. Oscar, you can put it over all right if you just get off on the right foot.

I'm glad you said that, Oscar. I'm not the kind that goes around giving out advice to a lot of people where it's not wanted, but now that you've come right out and asked me for some, I figure you really want it, and you haven't made any mistake in coming to me to get it. I'm not the oldest field man in Illinois, you understand, and I may not be the smartest, but since 1930, when the Old Ironsides F. & M. made me state agent, why I have made a record that a lot of these other fellows would give their right eye to of made.

Well, now getting right down to cases, Oscar, what makes bums out of most field men is women, liquor, driving around in automobiles, and making wise cracks, or what you might call nasty cracks. Now let's go into them one by one. Take in your own case the woman question. You was just married a few weeks ago, so it will be at the very least a couple of years before you start to even think about running around with other women, and you can cross that bridge when you come to it.

On the liquor question, all you got to

remember is do all your drinking with your own agents, or with people you think you are going to get to be your agents. If you do any drinking with field men, they will stick you with the check, and then go around saying you are drunk all the time, and if you ever have a chance to get a better job with a company like the Hartford, or the Home, or the Old Ironsides, or companies like that, they will cut your throat and kill your chances with the talk they have put out about how you are absolutely cock-eyed three nights out of five and so forth.

But with agents it is different. Most of them are glad to have a little what you might call wholesome, nutritious whisky once in a while, and with some of them a saucer of gin occasionally is O. K. They will not go around saying how you ought to take the cure, but they will always be wondering when you are going to buy the next drink, and they will slip you a new risk once in a while, so as to be sure it won't be too long between.

Of course, you don't have to worry about an automobile making a bum out of you, Oscar, because as a bird dog special agent just starting out your company is not going to give you any. That gets us right down to the main question of the day which is making smart or nasty cracks. I'll give you an example of what I mean. Here in Illinois the Home and the America Fore has got more field men than there is tea in China. Every time you turn around you fall over one of them. All right, some of the wise guys in this state when they meet one of these field men will say "What township do you travel in," or "You're the 35th field man for your company I have met this week; why don't they give you boys numbers instead of names?" Oscar, that is strictly no good. All it does is get the other fellow sore as a boiled owl, and you get another knocker on your hands who will throw the harpoon into you every chance he gets. Any dummy can make a wise crack, but you got to be smart to handle them all smooth and diplomatic.

Here's the difference, Oscar, if you meet an America Fore field man say to him "It is certainly very interesting the way your Mr. Sturm is making a collection of books, and fancy bindings and letters from prominent people. I was reading a piece in the paper where it says he has a special room where he keeps all of this stuff. That is very unusual." Get the angle, Oscar? The

(CONTINUED ON PAGE 33)

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Ketcham to Address Agents

Commissioner to Talk at Michigan Association's Fall Meeting at Battle Creek Sept. 11-12

DETROIT, July 8.—The four insurance angles—the public, companies, agents and the state—will be the subject of Commissioner Ketcham's talk at the Michigan Association of Insurance Agents fall meeting in Battle Creek, Sept. 11-12.

Michigan insurance men are feeling so satisfied with the conduct of the state department, they are planning through their legislative committee under the leadership of C. B. Smith to use their influence with the legislature in the 1937 session, to double the appropriation for the department. The committee takes the stand that the public is entitled to more adequate service than the department can give on an allowance of around \$75,000 a year.

Fireworks Blaze Destroys Another Town in Iowa

Loss as a result of a fire that destroyed the main business section of Remsen, Ia., is estimated at \$200,000. The Western Adjustment dispatched men from Minneapolis and Omaha to aid the Sioux City office in making adjustments there.

The fire started from a firecracker that was set off by a little girl in a tent near a cafe.

It will be recalled that several years ago a fireworks explosion started a fire that destroyed the business section of Spencer, Ia. Prompted by that experience, the Iowa legislature passed drastic legislation banning the sale of fireworks in the state. This law was enforced strictly for some time and then was modified.

Most of the buildings involved in the Remsen fire were worth from \$1,500 to \$2,500. They were mainly frame structures.

On the same day a grass fire at Oyens, six miles from Remsen, spread to the business district and did considerable damage.

Most of the Remsen losses are on risks placed by the M. M. Gripenburg agency and Spiecker & Niggeling. Gripenburg represents Aetna Fire, Columbia Fire Underwriters, Continental, Hartford, Home, New York Underwriters, Northwestern Underwriters, Security Fire, Farmers Mutual, Home Mutual, Iowa Mutual Tornado, Mill Owners of Iowa, Preferred Class Mutual.

Spiecker & Niggeling represents Fidelity-Phenix, North America, Royal, St. Paul, Springfield, Home Mutual and Iowa Mutual Tornado.

Regret Emphasis on Rate Cut Feature in Wisconsin

Farm people in the middle west are interested in what the reaction of Wisconsin policyholders will be when they come to renew their insurance, due to the fact that daily newspaper accounts of the proposed changes in the farm schedule and in the rate basis in that state featured the matter as constituting a sharp rate reduction. As a matter of fact, the one year farm rate was drastically reduced, but at the same time the cost of three year policies was increased from twice the annual premium to 2½ times the annual. In view

of the fact that most farm business is written on the three or five year plan, policyholders thus insured will receive only a nominal rate reduction. Some of the companies and agents feel that policyholders have obtained the wrong impression from the publicity and will be expecting a heavy decrease in their premiums.

There is speculation as to whether or not the sale of one year policies will not increase in Wisconsin in view of the rate revision. The policyholder can still obtain a saving in total annual outlay through the note plan and on the instalment basis as compared with the annual cash basis, but the saving is not substantial. Some assured may decide to go on an annual basis on the theory that there is not enough saving to offset the disadvantage of being tied up for three or five years and of suffering the loss of much of the premium should a loss occur under the policy during the first year or two.

Farm underwriters are usually suspicious of those who apply for insurance on the annual basis. They feel that such farmers may not necessarily have dishonest motives, but they believe that such a farmer, for some reason or another, does not feel attached to his property and does not have a permanent, continued interest. Agents have never pushed one year business because that means resolicitation every year and making a new survey.

It may be in Wisconsin, however, that farmers will see an advantage in the one year plan and good risks will seek it.

Missouri Insurance Code Initiated; Backers Mystery

JEFFERSON CITY, MO., July 8.—A vote at the election Nov. 3 on a new insurance code for Missouri was assured with the filing of initiative petitions bearing 59,705 names, more than the number required by law.

The proposed code closely follows the compromise bill presented to the state senate at its 1934 session, when prominent fraternal leaders succeeded in blocking Superintendent O'Malley's code bill. The superintendent opposed the compromise bill at that time and is against the initiated measure.

The backers of the movement remain a mystery. The petition was brought here by W. T. Powers, St. Louis attorney. He has declined to reveal his clients, although he was quoted as stating he represented "insurance interests and some other parties."

The proposed code would continue the fraternal's present exemption from the state's 2 percent premium tax and would not impose any additional regulations on them or town mutual fire companies, although the regulations for old line companies would be tightened considerably.

O'MALLEY WANTS MOVE BLOCKED

ST. LOUIS, July 8.—Superintendent O'Malley stated here that he will welcome any legal action by taxpayers or state officials that may prevent the submission of the code. Superintendent O'Malley has no legal authority to block a vote on the code if it is found that the initiative petitions presented to the secretary of state contain the proper number of legal signatures. Apparently the official checking of the 59,705 signatures on the petitions will leave a sufficient number as legally qualified to place the question on the ballot.

It is stated that the circulation of initiative petitions on the proposed insurance code was handled in a number of

central Missouri towns and counties by editors or owners of small Democratic papers which stand a good chance of sharing in the \$273,600 the state will pay for newspaper publication of the code.

Attorney-general McKittrick has stated that if any evidence is presented to his office substantiating the rumors that apparent fraud and misrepresentations were practiced in connection with the circulation of the initiative petitions, he will assign one of his assistants to making a full and complete investigation. So far nothing definite has been laid before him.

Petitions have also been presented calling for a vote on a proposed constitutional amendment authorizing municipalities with organized fire departments to provide pensions for retired firemen. At present such pensions are provided only for disabled firemen. Under the new law both disabled and retired firemen would be eligible for pensions.

Iowa Hail Damage Record in 1935 Reported \$961,147

DES MOINES, July 8.—Hail damage in Iowa last year was the lowest in 13 years, the Iowa department of agriculture reports. The total for 1935 was \$961,147 as compared to the previous low record of \$1,378,114 in 1931.

The largest county damage reported was \$115,475 in Osceola county. Hail damage in Pottawattamie county in 1935 totaled only \$364, one of the lowest records in the state. Monona, neighboring county, reported no damage.

Lincoln Hail Notes Sold

LINCOLN, NEB., July 8.—At a public sale held Monday the \$187,000 premium notes given the Lincoln Hail in 1932 were sold to Charles Carr of Lincoln for \$1,000. It was stated that he made the bid on behalf of W. R. Linch and C. A. Linch, former officers of the company. Insurance Director Smrha said if makers of notes later filed bids for their individual paper he would ask the court to approve sales to them, because of short notice given. About 75 percent of the notes outlaw within two months.

Opens Sioux City Office

R. K. Russell, formerly with the Sioux City office of the Iowa Insurance Service Bureau, has returned to that city to open an office for the Federal Hardware group with which he has been connected as a rating engineer for several years. He succeeds E. K. Green, who has opened an agency in Sioux City.

Indianapolis Agents' Picnic

R. C. Cox, president of the Indianapolis Insurance Agents Association, announces a picnic will be given July 20 especially for the employees, including clerks and stenographers of the local offices. Also invited are field men of the fire and casualty companies as well as the managers and employees in the adjustment, rating and other bureaus. The picnic will be held at the Highland Golf Club and there will be a golf tournament, with special entertainment for women.

Columbia County Meeting

COLUMBUS, WIS., July 8.—The Insurance Underwriters' Association of Columbia County held a dinner meeting here with President A. C. Gibbs as chairman. State fund competition for public business and how it is being successfully met by organized cooperation of local agents through local boards and county units in Wisconsin, were discussed by Arnold Petri, Fond du Lac

local agent. Hugh Bird, Beaver Dam, president of Wisconsin Association of Insurance Agents, discussed the county unit organization campaign in which the state association is cooperating with stock company field men and which has already resulted in organizing local agents in 32 counties of Wisconsin.

Rock Island Field Day

The Rock Island (Ill.) Fire & Casualty Insurance Board is having a picnic at the Rock Island Arsenal Golf Club Sept. 17. Field men and local agents are all invited to attend. The Rock Island people are extending an invitation to agents of other cities. Charles J. Montgomery is president.

Payment of the veterans bonus has resulted in increased business for insurance agencies, according to reports made at a meeting of the Rock Island Board. Agency heads reported that many veterans paid up long past due premiums and in many instances increased the size of their policies.

Missouri Council Officers

ST. LOUIS, July 8.—New officers of the Missouri Insurance Council for 1936-37 are: President, J. F. Hickey, St. Louis; vice-presidents, J. Elmer Ball, L. A. Harris, Raymond W. Smith and E. V. Thompson, St. Louis; H. B. Shea and H. J. Hudson, Kansas City, and Leonard W. Van Dyke, Marshall; secretary, Joseph J. McGee, Kansas City; treasurer, Frank R. Peterson, St. Louis. Carl S. Lawton of St. Louis, the retiring president, is now chairman of the executive committee. The council has 50 directors, including leading insurance men throughout the state.

Nebraska Appropriation Invalid

LINCOLN, NEB., July 8.—Insurance Director Smrha lost in his suit for a mandamus to compel the state auditor to approve claims against the \$5,000 appropriation made by the legislature at its special session for the insurance department to conduct investigations into company affairs and field practices. This money was what was left of a previous appropriation of \$20,000 for investigating the state banking department. The court held that as the appropriation bill was not listed among the matters to be considered at the special session and not contained in the governor's call, the constitution forbade its enactment. No appeal will be taken.

Will Tear Down Firetraps

AUBURN, IND., July 8.—Assurance that several dilapidated buildings here, previously condemned and still considered as a burden on the community through imposing a higher fire insurance rate, would be torn down in the near future was given here, following an inspection by State Fire Marshal Smith.

St. Paul Losses Up

ST. PAUL, July 8.—Fire losses in St. Paul the first six months this year ran considerably above the first six months of 1935. Figures compiled by Capt. John Townsend of the fire insurance patrol place the losses for the first six months this year at \$380,373 against \$303,641 last year. This was due mainly to one large loss, \$140,000, to the Rapin-wax Paper Co. in June. It was the heaviest fire loss in St. Paul since 1929.

Fight Rate Case Fees

JEFFERSON CITY, MO., July 8.—Attorney General McKittrick has filed suit in circuit court here to recover \$31,345 paid to G. G. Weatherby of Kansas City as salary from the state legal department funds in 1931, 1932 and 1933. He contends that Weatherby served as assistant attorney general only from March 29, 1929, to Nov. 30, 1930, when

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Automobile Mutual Insurance Co. of America, Providence, B. I., Mercer Casualty Co., Celina, Ohio; Lloyds of Minneapolis; Builders & Manufacturers Mutual Casualty Co.; Employers of Wausau and others on request.

JOHN H. McNEAL and HARLEY J. McNEAL
502 Auditorium Bldg., 1367 E. 6th St.
Phone Main 1926 CLEVELAND
Attorneys-at-Law
Facilities for Investigations, Adjustments and Trial work over Northern Ohio.

INSURANCE ATTORNEYS

• The insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

OHIO (Cont.)

SANDLER, ELLIOTT & ASHBAUGH
614 Outlook Building
Columbus, Ohio

Representing Standard Accident, Massachusetts Bonding and others.
Investigations, adjustments, trial of all insurance cases.

Charles T. Warner

35 East Gay St., Columbus, Ohio
(Former Judge of Common Pleas Court and Superintendent of Insurance of Ohio from 1931 to 1935).
General Insurance Practice in All Courts and Insurance Department
Investigation and Adjustment of Claims
General Insurance Matters

CABLE & CABLE

Masonic Building
Lima, Ohio

Representing American Surety, Fidelity & Cas. of N. Y., General Acc. Fire & Life, Phila.
Trial of all insurance cases in Federal and State Courts. Equipped for investigations.

YAGER, BEBOUT & STECHER

363 Second National Bank Building
Toledo, Ohio

American Surety Company, Phoenix Insurance Company of Hartford, Conn., and Massachusetts Bonding & Insurance Company.

RUSSELL RAMSEY

801 Feick Building
Sandusky, Ohio

Equipped for investigations, adjustments, and settlements of claims.
Trial of all insurance cases.
Bank reference: Western Security Bank (Counsel).

L. M. CAILOR AND J. B. CUNNINGHAM

600-603 Union National Bank Building
Youngstown, Ohio

Equipped for investigations, adjusting, trial of all insurance cases in State and Federal Courts.

OKLAHOMA

Embry, Johnson, Crowe & Tolbert

First National Building
Oklahoma City, Oklahoma

Equipped for investigation, adjustments, trial of all insurance cases in the State of Oklahoma.

V. E. McINNIS & JAMES H. ROSS

Ramsey Tower
Oklahoma City, Okla.
Representing Aetna Cas. & Sur. Co., Aetna Life, Prudential Ins. Co. of Amer., Chr. & General, Employers Reinsurance Co., Pacific Indemnity Co., and others.
Equipped for Investigations, Adjustments and Trial All Insurance Cases.

OKLAHOMA (Cont.)

GEORGE M. NICHOLSON
Perrine Building
Oklahoma City, Oklahoma

Formerly Chief Justice of Supreme Court of Oklahoma.
Trial of all insurance cases in State and Federal Courts.

THURMAN & THURMAN
504-508 Braniff Building
Oklahoma City, Oklahoma

Representing F. & C., New York; F. & D., Baltimore; Mass. Bonding and many others given on request. Equipped for investigation, adjustments, settlement of all insurance claims. Trial of all insurance cases.

OREGON

IMMEL & EVANS

First National Bank Building
Eugene, Oregon

Companies represented: U. S. F. & G. Co., Royal Group, Mass. Bonding & Ins. Co., and others on request. Equipped for investigation, adjustment and trial all insurance cases, State and Federal Courts, this territory.

G. M. ROBERTS
WM. M. McALLISTER
Medford National Bank Building
Medford, Oregon

Travelers, Indemnity Ins. Co. of North America, American Motorists Ins. Co., Pacific Indemnity Co., General Accident F. & L. Assur. Corp., Ltd.
Investigations, adjustments and trial of all insurance claims in southern Oregon and Siskiyou and Del Norte Counties, Cal.

Collier, Collier & Bernard

Suite 1220 Spalding Building

Henry E. Collier John A. Collier
E. F. Bernard
Portland, Oregon

DEY, HAMPSON & NELSON

800 Pacific Building
Portland, Oregon

Continental Cas. Co., American Motorist, Pacific Greyhound Lines and others.

MAGUIRE, SHIELDS & MORRISON

1113 Public Service Building
Portland, Oregon

Representing Maryland Cas. Co., Employers Reins. Corp., Yorkshire Ind. Co., Sun Ind. Co., American Auto Ins. Co., Associated Ind. Co., United Pacific Cas. Co., Canadian Ind. Co., Canadian Fire Ins. Co., Great Lakes Cas. Co., and others.

PENNSYLVANIA

LEO A. NUNNINK

1513 Berger Building
PITTSBURGH, PA.
Phone Court 2285
Attorney-at-Law

Facilities for Investigations, Adjustments and Trial Work over Western Pennsylvania. Clients given on request.

RHODE ISLAND

SHERWOOD & CLIFFORD

1503 Turks Head Building
Providence, R. I.

Trials—Investigations—Adjustments

SOUTH CAROLINA

THOMAS-LUMPKIN & CAIN

1800-7 Central Union Building
Columbia, South Carolina

Specializing in Fire, Casualty, Surety and Life. Trial of all cases.
Equipped for investigations and adjustments all over South Carolina.

SOUTH DAKOTA

BAILEY & VOORHEES

Charles O. Bailey (1868-1928)
John H. Voorhees Melvin T. Woods, Jr.
Theodore M. Bailey Howell L. Fuller
BAILEY-CLIDDEN BUILDING
SIOUX FALLS
INSURANCE PRACTICE

TENNESSEE

PLEASANTS & HICKOX

1715 Exchange Building
Memphis, Tennessee

Several years engaged in trial of all insurance cases in State and Federal Courts. Equipped for investigation, Adjustments and Settlement of all insurance claims in Western Tennessee, Northern Mississippi and Eastern Arkansas.

AUST, MCGUGIN & SPEARS

American Trust Bldg.
Nashville, Tenn.

Representing Firemen's Fund, Lumbermans, American Motorist, and many others.
Equipped for investigations, adjustments, trial of all insurance cases in State and Federal courts in Central Tennessee.

TEXAS

WAGSTAFF, HARWELL WAGSTAFF & DOUTHIT

Attorneys at Law
Abilene, Texas

Equipped to handle adjustments, investigations, settlement of claims and trial of all insurance cases.

WILL R. SAUNDERS

1013 Oliver Eakle Building
Amarillo, Texas

Representing Associated Ind. Corp.; Traders & General Ins. Co.; American Fidelity & Cas. Co. of New York. Equipped to handle claims, adjustments, and investigations Panhandle territory. Practice in all State and Federal Courts.

HART, PATTERSON AND HART

624-630 Littlefield Building
Austin, Texas

Representing F. & D., Baltimore, Zurich Ins. Co., Home Ins. Co. of N. Y., American National Ins. Co., and others on request.
Equipped for adjustments in Central Texas and trial work in all courts—State and Federal.

KING & RIENSTRA

204 Gilberts Building
Beaumont, Texas

Representing Employers Group, Boston, others on request.
Trial of all insurance cases State and Federal Courts Eastern District of Texas.
Equipped for investigations.

HUBBARD, DYER & SORRELL

City National Bank Building
Corpus Christi, Texas

References: Maryland Casualty Company, American Fidelity & Casualty Company, Traders & General Insurance Company.
Specializing in Insurance Law
Equipped for Investigation and Claims

TEXAS (Cont.)

COKE & COKE

First National Bank Building
Dallas, Texas

Alexander S. Coke Henry C. Coke, Jr.
Bosser J. Coke Julian B. Mastia
Richard W. Coke Thomas G. Murraime
John N. Jackson

SANER, SANER & JACK

Twentieth Floor Republic Bank Bldg.

R. E. L. Saner
Jno. C. Saner
Wm. H. Jack, Jr.
DALLAS, TEXAS

R. A. D. MORTON

555 FIRST NATIONAL BANK BUILDING
EL PASO, TEXAS

REPRESENTING: Metropolitan Life Ins. Co. in West Texas.
Royal Indemnity Company,
Indemnity Ins. Co. of North America, and others.
SPECIALIZE: In Trial Work, all Courts.
Adequately equipped for adjustments, investigations in Southwest Texas and Southeast N. Mex.

Cantey, Hanger & McMahon

15th Floor Sinclair Building
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Samuel B. Cantey Samuel B. Cantey, Jr.
(1883-1924) Alfred McKnight
William A. Hanger Gillis A. Johnson
Mark Mahon B. K. Hanger
W. D. Smith
Investigations, Adjustments, Trial All Cases

COLE, COLE, PATTERSON & BELL

Citizens State Bank Building
Houston, Texas

Standard Accident Insurance Company of Detroit
Chicago Lloyds.
United States Casualty Co. of New York City, etc.
Equipped for investigation, adjustments, trial of all insurance cases and oil cases.

BOYLES & ATKINSON

First National Bank Building
Houston, Texas

Edward S. Boyles
Norman Atkins
M. S. McCorquodale
E. F. Gibbons
Willard L. Russell

SIMMONS & ARNOLD

624-29 First National Bank Building
Houston, Texas

New Amsterdam Cas. Co., Allemannia Fire of Pittsburgh, Craven-Dargan, American Central Fire, St. Paul Fire & Marine.

BLEDSE, CRENSHAW & DUPREE

First National Bank Building
Lubbock, Texas

Representing U. S. F. & G. F. & D., Maryland Casualty, American National Ins. Co., Amicable Life Ins. Co., and many others.
Trial of all insurance cases in all courts. Equipped for Investigations—Adjustments—Settlement of claims in plains Country.

BIRKHEAD, BECKMANN, STANARD & VANCE

800-811 Gunter Building
San Antonio, Texas

JOHN MCGLOSSON

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Equipped for investigations, adjustment and settlement of claims and trial of cases in State and Federal Courts.

(Continued next page)

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T. R. (DAN) BOONE
City National Bank Building
Wichita Falls, Texas

Representing: Home of New York—Loyalty Group—Hartford Accident—Many others.

UTAH

Stewart, Stewart & Carter
1105 Continental Bank Building
Salt Lake City, Utah

Equipped for investigations, adjustments, settlements of claims and trial of all insurance cases State of Utah.

VIRGINIA

W. SHEPHERD DREWRY

241-244 Law Building
Norfolk, Virginia
Indemnity Insurance Co. of N. A., United States Fidelity and Guaranty, Bankers Indemnity Co., Fire Association of Phila., American Indemnity Co., All State Insurance Co.
Equipped for investigation, adjustments and trial of all insurance matters in State and Federal Courts.

THOS. O. MOSS

State-Planters Bank Bldg.
RICHMOND, VIRGINIA
Loyalty Group, American Fidelity & Casualty, Royal, Globe Indemnity and others.
Equipped for investigations and adjustments. Trial work.

T. RUSSELL CATHER

34 Rouss Ave.
Winchester, Virginia
New York Life, Maryland Casualty, American Surety Co.
Equipped for investigations, trial of all cases, State and Federal Courts and Commissions.

WASHINGTON

F. A. KERN

Washington National Bank Bldg.
Ellensburg, Washington
U. S. F. & G. Co., Sun Life Assurance Co.

BATTLE, HULBERT, HELSELL & BETTENS

1001 Exchange Bldg.
Seattle, Wash.
Representing Standard Accident Ins. Co. and others. Trial of all Insurance Cases and others in State and Federal Courts.

BAYLEY & CROSON

900-907 Insurance Bldg.
Seattle, Wash.
Frank S. Bayley
Carl E. Croson
O. H. Johnson
Burton J. Wheelon
F. Bartow Fite, Jr.
George W. Martin

EGGERMAN & ROSLING

1824 Exchange Bldg.
Seattle, Wash.
United States Fid. & Guar. Co., Maryland Casualty Co., and others.
Trial of all insurance cases in State and Federal Courts in western Washington.

N. A. PEARSON

403-04 Fourth & Pike Bldg.
Seattle, Wash.
Associated Indemnity Corp., and London Guarantee & Accident Co.
Equipped for investigations and adjustments and trial of all Insurance Cases in State and Federal Courts.

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Insurance Building

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E. L. Skeel
Tom W. Holman
Frank Hunter
Tyre H. Hollander
Laurence Booth, Jr.
W. B. McKelvy
Wm. Paul Uhlmann
Harry Henke, Jr.
W. E. Benson
Robert H. Grace
SEATTLE

RYAN, ASKREN & RYAN

Suite 1903, Northern Life Tower
Seattle, Wash.
Counsel for Association of Life Insurance Presidents—Commercial Casualty, Metropolitan, London Guarantee & Accident and others.
Trial all insurance cases in State and Federal Courts in Western Washington.

POST, RUSSELL, DAVIS & PAINE

Exchange Building
Spokane, Washington
Aetna Group, Hardware Mut. Cas. Co., Phoenix Ind. Co. and others.
Investigations, adjustments and trial of all insurance cases in Eastern Washington and Northern Idaho.

WEST VIRGINIA

PAYNE, MINOR, RAY, MAIER & DAVIS

Kanawha Valley Building
Charleston, West Virginia
New York Casualty, American Surety, Zurich, American Motorist and others on request.
Equipped for investigations and adjustments. Trial of all insurance cases in State and Federal Courts.

VINSON, THOMPSON, MEEK & SCHERR

First Huntington National Bank Building
Huntington, West Virginia
Hartford Indemnity, General Accident, U. S. F. & G., U. S. Guarantee (Chubb & Son), Inter-Ocean Casualty Company (General Counsel), and others on request.
Investigations, adjustments and trials—State and Federal Courts.

RUSSELL, HITESHEW & ADAMS

205½ Fourth Street, (Box 510)
Parkersburg, West Virginia
Employers' Group—The Fidelity & Casualty Company of New York—Glens Falls Indemnity and others furnished on request.
Equipped for investigations and adjustments. Trial of all insurance cases in State and Federal Courts.

NESBITT & NESBITT

800 Riley Law Building
Wheeling, W. Virginia
Maryland Casualty Co., Travelers, Fidelity & Deposit of Maryland.
Equipped for investigation and adjustment. Trial of insurance cases in all courts.

WISCONSIN

WOLFE & HART

First Wisconsin Nat. Bank Bldg.
Milwaukee, Wisconsin
Special attention to the Law of Fire Insurance

WYOMING

WM. B. COBB

Consolidated-Royalty Building
Casper, Wyoming
Representing U. S. F. & G., Travelers, Loyalty Group, Glens Falls and others.
Equipped for investigations, adjustments and trial of all insurance cases.

he resigned to become an attorney for the insurance department.

The suit was filed following a hearing before Circuit Judge Sevier in connection with Weatherby's efforts to obtain a legal fee of \$183,333 as special counsel for the insurance department in connection with the fire rate case. He is seeking payment out of the \$2,750,000 in excess premiums impounded by the Cole county circuit court in connection with the 10 percent case. John T. Barker and Floyd E. Jacobs of Kansas City are also asking \$183,333 each for representing the insurance department in that case. McKittrick on orders from Governor Park is resisting payment.

Many Claims in Sioux City

Between 300 and 400 claims for wind and water damage have so far been filed in Sioux City, Ia., because of the 70-mile wind of June 26 which was accompanied

by 1½ inches of rain in 30 minutes. The storm was localized in Sioux City.

Trumbull County Board Picnic

The annual picnic and marshmallow roast of the Trumbull County (O.) Insurance Board will be held on Fowler Road in Bazetta Township, seven miles north of Warren, July 15.

St. Paul's Home Office Outing

Home office employees of the St. Paul Fire & Marine will hold an outing July 21, at Forest lake, the first in several years. The offices will close at noon.

Middle West Notes

Homer E. Smith, 55, Lebanon, Kan., local agent, died there following a short illness.

Lee Sadders has purchased the Portage Insurance Agency, Portage, Wis., from George Vetter and has moved the office to 220 West Marion street.

IN THE SOUTHERN STATES

Kentucky Properties Covered

Agents' Association Works Out Plan, Satisfactory to All Interests, for Handling State's Schedule

LOUISVILLE, July 8.—After considerable effort the Kentucky Association of Insurance Agents has worked out a program under which all state properties will be insured for the excess coverage needed over and beyond the \$200,000 state fund.

One policy will be written by the Continental, covering all properties of the state, the state fund to apply as other insurance or contributing insurance. Forms have been approved by the Kentucky Actuarial Bureau. The policy will be for one year, and the rate .422 for fire only. The schedule shows \$4,478,644, while the insurance will amount to \$2,678,644.

Under the plan as worked out each company now on the risk will cancel short rate, and in turn reinsure the Continental on the pro rata necessary. The coverage of course is smaller, due to the \$200,000 deduction, and the fact that many small properties will need no contributing insurance.

The policy will be written by Reed Brothers, Columbia, Ky., but the commission from the business will go to the Kentucky Association of Insurance Agents. The plan was approved by the Kentucky department.

The America Fore group retains the 20 percent previously held. The Great American and Scottish Union take 7 percent each; Crum & Forster, Hartford and Yorkshire, 6 percent each; Commercial Union, 5 percent and Aetna Fire 4 percent, with 27 other companies receiving 1 to 3 percent each.

Commissioner Read Would Abolish Oklahoma Boards

OKLAHOMA CITY, July 8.—In his annual report Commissioner Read called attention to Governor Marland's expressed interest in curtailing boards and commissions in the state, saying:

"I share your views in this regard, and in this connection respectfully suggest the doing away with the state insurance board and the fraternal insurance board. I have never found any good reason for the existence of the state insurance board. I know of no other state which has a like arrangement. Either the state insurance board or the insurance commissioner's office should be abolished, thereby saving a duplication of work, waste of time and removing a convenient vehicle for 'passing the buck,' and also avoid the confusion in the minds of the public and insurance fraternity as to which author-

ity they should look to for the transaction of business."

It is considered possible that Mr. Read may have some recommendations to make to the legislature at the proper time.

Expansion Is Discussed

Over 20 representatives of the American Fire & Casualty held an all-day district meeting at West Palm Beach, Fla. The possibilities of an expansion program, taking the company into one or more states by the end of the year, were discussed.

Texas Appointments Made

Tom P. Ellis of Dallas, president Texas Association of Insurance Agents, has announced the appointment of special committees. This completes all appointments with the exception of the agents to be appointed to serve on the two joint agent-company committees, the company-agency stock fire insurance office for business development and the joint agency-company committee on

New President



ROGER CLARKE, Fredericksburg, Va.

The new president of the Virginia Association of Insurance Agents, Roger Clarke of Fredericksburg, Va., served as chairman of the executive committee the past year and previous to that had been chairman of the membership, conservation and public relations committees. He is the sole owner of his agency, which was established in 1907. Fredericksburg is a town of about 7,000 inhabitants.

automobile finance insurance. The chairmen of the committees are as follows: Conference, Tom P. Ellis, Dallas; workmen's compensation, Cruger T. Smith, Dallas; fire and accident prevention, W. E. Bideker, Fort Worth; local exchange, F. F. Ludolph, San Antonio; rates and forms, A. D. Langham, Houston; surety, Jess M. Johnston, Fort Worth.

New Orleans Agency Merger

Calhoun & Barnes, New Orleans, have purchased the New Orleans Underwriters Agency and moved to 308 Camp street, the location of that agency. The building, which was occupied for many years by Sun, is being remodeled throughout.

Recover Louisville Railway Line

LOUISVILLE, July 8.—The line of the Louisville Railway Co., amounting to \$2,500,000 in all, which had apparently been lost to Louisville local agents, has been rewritten and a sizable portion of the business formerly held by various local agents was given back to them. A few months ago the Fidelity & Columbia Trust Co. insurance department secured the entire line, and wrote it partly under marine coverage, insofar as rolling stock was concerned. Today it is all written under fire and tornado and on the recording basis.

Arkansas Losses Higher

LITTLE ROCK, July 8.—Fire losses in Arkansas the first six months totaled \$2,300,033 compared to \$1,500,988 in 1935. The June loss was \$749,290 against \$110,075 in June, 1935. H. B. Savage of the Arkansas Fire Prevention Bureau recently expressed the fear that the trend of fire losses was upward after a period of decreasing figures.

Insists on Vacancy Limit

RICHMOND, VA., July 8.—A local agency here renewed a policy covering a portion of the fire coverage on the state capitol and the governor's mansion. The policy was written on an old form containing no limit as to vacancy. The stamping office held the vacancy permit should be limited to 90 days. As both the capitol and the mansion have been occupied continuously for more than 100 years, the agency was of the opinion that it made no difference whether the form contained a vacancy limitation or not, but the stamping office was firm and insisted upon a correction.

Double Adjusting Staff

OKLAHOMA CITY, July 8.—Windstorm and hail damage has taken a toll in Oklahoma this season so great that it has been necessary to double the staff of adjusters in the Fire Companies Adjustment Bureau at Oklahoma City, and to establish emergency branch offices at Enid and Pawhuska, in order to take

care of the business, according to George W. Kline, manager. Additional adjusters were obtained from bureau staffs in Arkansas, Texas and Louisiana, he said. Wind storm damage has been bad in the northern sections, especially in Noble, Kay and Washington counties.

Company Unlicensed, Agent Fined

RICHMOND, VA., July 8.—C. Lawrence Jones, Jr., Richmond local agent, was fined \$10 in police court on a charge of unlawfully soliciting and negotiating an application for a policy with the National Mutual of Washington, D. C., which is not licensed in Virginia. The policy covered liability and property damage on a motor truck. Jones was arrested at the instance of the state insurance department after complaint

had been made. The Jones agency writes general lines. His license will come up for renewal July 15. Whether or not it will be renewed will be determined at that time, it was stated at the department.

To Discuss Model Law

At four of the six regional meetings of the Oklahoma Association of Insurers, July 13-18, state highway safety department will present plans for a model driver's license law as a means of reducing accident tolls on the highways.

Emanuel Levy, a broker with the Hartwig Moss Company, New Orleans, is dead at the age of 75. He was a native of France.

started making rates for his companies here when the now defunct insurance code set up by the Utah state recovery act went into force in 1934. His new rate book has been enlarged and improved. It gives details on credits and penalties and is complete as to its classes of risks and territory.

Mr. Kenning says non-board companies need a rate-book of their own. (Mixed agencies were stopped in this area a few years ago). His rate-book has been copyrighted and the right to use it has been acquired by the Pearl's general agents here, Mr. Kenning said. So far, the insurance commissioner

PACIFIC COAST AND MOUNTAIN

Expecting a Large Meeting

Washington Insurance Agents League Is Preparing for an Interesting Convention Next Month

SEATTLE, July 8.—The annual meeting of the Washington Insurance Agents League here on Aug. 13-15 will probably be the largest state convention of agents held in the Pacific Northwest. It has over 300 members. The convention headquarters will be at the Olympic hotel. M. B. Hevly of Seattle is chairman of the program committee. The executive committee will hold a meeting the evening of Aug. 12 and the general sessions will start the next day. Allan I. Wolff of Chicago, former president National Association of Insurance Agents, will give a talk the afternoon of the first day and will be the chief speaker at the banquet. In the evening there will be a cruise and dance on board the "Kala-kala," streamlined ferry, on Puget Sound, followed by a midnight supper and dance at the Washington Athletic club.

Upholds the State Fire Fund

Montana Judge Refuses to Enjoin Authorities from Conducting the Plan Which Miller Agency Defended

District Judge Padbury at Helena has upheld the validity of the Montana state fire insurance fund law. Edward D. Thomas brought the action in an attempt to get an injunction restraining the board of examiners from conducting the fund. The Miller agency at Butte intervened in defense of the fund. The Pearl through the Miller agency reimburses the state fund 100 percent.

The law provides that the "prevailing and commonly accepted rate" should be charged. This was attacked as ambiguous by Thomas. The court held that it is not ambiguous or uncertain. The court has found that the commissioner is using a correct method of determining the rates and that if an error has been made it can be remedied by proper adjustment when the state fire marshal has made his report. The court stated the commissioner has determined the prevailing and commonly accepted rates and will continue to do so and that the fund will accumulate in a three year period beginning with the effective date of the act, about \$400,000, which will be sufficient to provide for all the requirements of the act.

Gets American Home, Stuyvesant

Leonard Newport of Los Angeles has been appointed general agent of the American Home and Stuyvesant. It is understood the companies will continue to operate on a board basis. Mr. Newport recently resigned as manager of the Los Angeles office of Wentz & Erlin.

Independent Utah Rate Book

Ensign-Kenning Company Files Complete Schedule of Rates for Non-Board Companies

SALT LAKE CITY, July 8.—Two Utah general agents have filed independent rates with the Utah insurance commissioner in compliance with his order of a few weeks ago directing every fire insurance company doing business in the state to file rates, the action having been taken as a result of a rate war which began to develop in the spring.

Independent rates have been filed by the Ensign-Kenning Company, Salt Lake City, representing non-board companies and the local organization of the Pearl-American fleet. D. G. Kenning of the agency was formerly with the Pacific Board and is familiar with rate-making methods. Mr. Kenning first

INSURANCE MEN
TAKE NO RISK...

Coming and Going

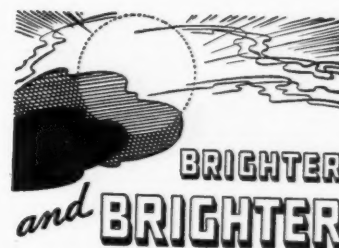
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F. W. PALLANT - GEN. MGR.

1000 ROOMS \$2.50
WITH BATH FROM

Largest in CINCINNATI

REPRESENTED IN
CHICAGO by Harry McEvoy, Hotel Sherman
PITTSBURGH by Bothwell & Warner, Standard Life Bldg.



La Salle Hotel now sparkles. For we've just refurnished, redecorated. Every room is brighter, smarter, immaculate—and new inner-spring mattresses assure you a wonderful night's sleep. You'll enjoy La Salle Hotel more than ever before!

You'll like the rooms, the food, the rates!

FOREMOST IN FRIENDLINESS

LaSALLE
HOTEL Chicago

D. F. Broderick
Pres.
C. M. Verhulst
V. P.-Secy.
L. G. Goodrich
V. P.-Treas.

D. F. BRODERICK
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INSURANCE EXCLUSIVELY

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Reduce Insurance Rates

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**JUSTRITE OILY WASTE
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Approved and Labeled by the Underwriters Laboratories
and Associated Factories Mutual Insurance Co.
JUSTRITE MANUFACTURING COMPANY
2067 SOUTHPORT AVE. CHICAGO, ILL.

has not approved or disapproved any of the rates that have been filed by any company. He says that he will do so soon.

Pacific National Fire Has New Office in Los Angeles

To increase its service to agents and policyholders in Los Angeles and southern California, the Pacific National Fire has opened new southern California headquarters at 650 South Spring street, Los Angeles. These beautiful new offices provide complete, modern methods for handling the steadily increasing volume of business which the company is enjoying.

Full home office services are available, including underwriting, engineering, accounting and loss departments, together with complete sets of maps, rate books and accounting records.

Roy O. Elmore is the superintendent in charge. Members of his staff include R. J. Baker, special agent; W. B. Nute and H. O. White, underwriting department; J. F. Pearne, assistant in engineering; D. Edmondson, accounting department. Mr. Nute and Mr. Edmondson have recently been transferred from the San Francisco home office.

Fire Companies Adjustment Bureau Transfers on Coast

H. H. Alair of Great Falls, Mont., has been promoted to manager of the branch office of the Fire Companies Adjustment Bureau in that city. For the past seven years he has been a staff adjuster in the office. He will be assisted by S. J. Carter, who is being transferred from Butte, Mont. B. V. Riley, now a staff adjuster in the San Francisco office, is being transferred to fill the vacancy in Butte.

L. C. Young, branch manager at Great Falls, has been transferred to Chico, Cal., in the same capacity. H. C. Todrank, now at Chico, goes to the Sacramento branch office.

The Bakersfield, Cal., office of the bureau has been moved into larger quarters in the Professional building.

Flood All-Risk Head

Frank X. Flood has been appointed manager of the all-risk and inland marine department of the Pearl on the Pacific Coast. He recently returned to San Francisco from a visit to the New York head office of the Pearl and the head office in London.

Utah Covers State Buildings

SALT LAKE CITY, July 8.—Utah is purchasing approximately \$9,000,000 insurance for the protection of state buildings and their contents. The policies are to run five years. Heretofore, it has been on a three-year basis. The coverage has been increased by \$2,500,000 due to new construction. The insurance will be placed with from 50 to

60 companies, and will be handled by local agents located in 26 different counties of the state.

Sullivan Spokane Speaker

SPOKANE, WASH., July 8.—Commissioner Sullivan spoke at a meeting of the Spokane agents' association, reviewing the recent convention of the insurance commissioners in St. Paul.

Insurance Post Nominees

SAN FRANCISCO, July 8.—B. F. Springsteen of R. G. Hamilton & Co. and Wesley King, independent broker, have been nominated for commander of Insurance Post 404 of the American Legion. Other nominations are: First vice-commander, J. S. Connelly, broker; second vice-commander, Paul T. O'Doud, broker; chaplain, E. W. Amos, Massachusetts Bonding; sergeant-at-arms, G. S. Townsend, Colonial Mutual Compensation; judge advocate, Norman Elkington, insurance attorney; service officer, E. R. Powers, Stovel General Agency; executive committee, Al Fryer, retiring commander; W. E. King, B. E. Chapin, Rathbone, King & Seely; F. S. Barrett, attorney; C. G. Landresse, London Assurance; H. T. Higginbotham, state compensation fund; T. W. Budlong, Commercial Casualty; historian, S. C. Arndt, Finn-Elbow Company; finance officer, H. L. Boos, Pacific Board.

Insurance Men for Legislature

SAN FRANCISCO, July 8.—The names of 12 insurance men in various sections of California will appear on the ballot at the primary election Aug. 25 for election or reelection to the legislature. First time candidates are Mike O'Sullivan, general agent Benjamin Franklin Life and former vice-president Sunset Mutual Life, Los Angeles; Vance H. Evans, former manager Insurance Exchange of Los Angeles, and Leon Ader, local agent of Alameda.

Those filing for reelection include T. A. Maloney, San Francisco broker; C. W. Stream, Palm City; J. B. Utt, Santa Ana; L. M. Donihue and H. P. Meehan, Oakland; Hubert Scudder, Sebastopol; H. J. Evans, Monrovia; J. J. McBride, Ventura; H. P. Donnelly, Turlock, and E. V. Latham, Alhambra, all local agents.

Roy J. Nielsen, Sacramento local agent, who has been a member of the assembly for several years, has filed for election to the senate and two other local agents, members of the senate for several terms, have filed for reelection. They are J. L. Seawell, Roseville, and E. H. Tickle, Carmel.

New Protection Courses

Courses in fire and accident protection have been added to the curriculum of Golden Gate College's school of insurance in San Francisco. The new nine-week courses will be started next January with Guy C. Macdonald, insurance publicist and leader in prevention activities, as instructor.

censed agent, residing in the state. With this conflict of view, and because of the hardship that might be imposed upon a considerable number of agents in this city residing outside the state, Superintendent Pink felt the safer course was to refer the problem to the attorney-general, which was done.

Should the opinion of the department counsel be sustained by the attorney-general, it's a safe prediction appeal will promptly be made to the court. A further probability is that a clarifying amendment will be sought in any event at the next session of the legislature.

Insurance May Be Reclaimed

Ruling of Interstate Commerce Commission Will Tend to Throw Business to Regular Channels

NEWARK, N. J., July 8.—Through the decision of the Interstate Commerce Commission, ordering seven railroads to cease storage and carrying insurance of freight at a loss, many hundreds of thousands of dollars' worth of annual business to commercial warehouse and insurance companies will be made available in New Jersey, after Oct. 1. Through competition aimed at each other and incidentally ruinous to the independent warehouse corporations, the various railroads have been constructing large storage centers for the past few years.

Through this method they have been taking business away from each other by cutting the storage and insurance rates from 50 to 60 percent below the net cost to their dummy companies, and making up the losses to themselves from transportation.

It is now contended that the insurance companies stand in line to profit more than warehouse corporations, for in a great many instances the railroads underwrote their own fire risks at eight cents per \$100 as against 16 cents to \$1.58 charged by the insurance companies. It is now the consensus of opinion that the railroads will turn over this business to the regular insurance agencies and that the clients will prefer established insurance companies to that of the railroads with the rates on an equal basis.

Meet in Atlantic City

The annual meeting of the New Jersey Association of Underwriters will be held early in September in Atlantic City. A meeting of the executive committee will be held this month to make definite plans.

The membership of the association is steadily increasing and now totals 555. Edward M. Schmults of Ridgewood is president.

Miss Yerdon Vice-president

Miss Florence Yerdon, who for 20 years has been a member of the staff of Sloan, Melhuish & Co., Jamestown, N. Y., has purchased a substantial interest in the agency and has been elected vice-president. Miss Yerdon is a past president of the Jamestown Zonta Club and has long been active in civic affairs. The agency has just moved to larger quarters at 318 Washington street, Jamestown.

Flanders Succeeds Clarner

CONCORD, N. H., July 8.—David J. Flanders, engineer of the New Hampshire Board of Underwriters, has been appointed to succeed the late Louis Clarner, Jr., as secretary of the board. Mr. Flanders was previously an inspector with the Underwriters Bureau of New England.

Worcester Department Elects

WORCESTER, MASS., July 8.—The Worcester Protective Department has elected these officers: President, E. L. Sanders; clerk, C. C. Parker; treasurer, Harry Harrison; directors, President F. R. A. McGlynn of the Worcester Board;

H. W. Bates, T. E. Babb, Jr., N. A. Harrington, E. P. Ingraham, W. P. McPherson, J. F. Carberry, C. F. Poor, J. D. Coe and I. E. Sawyer.

New Officers of Mutuals

Following the election of Karl E. Greene as vice-president in charge of underwriting of the Berkshire Mutual and Hampshire Mutual Fire of Pittsfield, Mass., V. W. Gallup, formerly assistant secretary, has been elected secretary. R. S. Kenyon has been elected assistant secretary. Mr. Greene, formerly was vice-president and underwriting manager of the Glen Cove Mutual and Federal Mutual, the James S. Kemper companies.

Ernest Chesbro, 77, who for many years conducted a local agency at Willimantic, Conn., died there after a short illness. He bought the insurance business of H. A. Loomer, adding other agencies and building it up into a large organization. He retired some years ago.

CANADIAN

Toronto Institute to Cover Only Fire, Casualty Lines

TORONTO, July 8.—At the annual meeting of the Insurance Institute of Toronto it was unanimously decided that the institute be divided into two parts, the life members withdrawing to continue their activities under a Dominion-wide life insurance organization to be known as the Life Insurance Institute of Canada, while the fire and casualty members will continue to carry on the original institute.

J. H. Riddell was elected president of the original institute, which will now carry on with a membership drawn exclusively from the fire and casualty fields. Other officers named were: Honorary president, W. R. Houghton; vice-president, L. Weightman; secretary-treasurer, W. H. Burgess; honorary librarian, R. F. Smith; convener debating club, Colin E. Sword.

Blondeau Is Reelected

J. A. Blondeau, vice-president and general manager of the Fire Insurance Company of Canada, has been reelected president of the Canadian Fire Underwriters Investigation & Loss Information Bureau. C. S. Malcolm, manager Royal Exchange, has been reelected vice-president and R. L. Stalling, manager of the Sun of London, is also a vice-president.

Phoenix Manages Gresham

The Phoenix Assurance has been appointed by the directors of the Gresham Life of London to manage the affairs of Gresham in Canada. A. B. Watson, Canadian manager for Gresham Life, has taken an office with the Phoenix at the Montreal head office.

Baltimore American Enters Canada

The Baltimore American has been licensed in Canada. F. W. Evans, Montreal, is the Canadian chief agent.

Gaskill Now in Newark

NEWARK, July 8. — Thomas E. Gaskill has been appointed superintendent of the marine department of the Automobile of Hartford in the Newark branch office. He was formerly in the Philadelphia branch office and succeeds H. D. Van Gils, who has been sent to the marine zone in Texas by the same company.

Hudson Bay Rates Reduced

Reductions in marine rates and a lengthening of the insurable navigation season by eight days on the Hudson Bay route has been announced.

EASTERN STATES ACTIVITIES

Resident Law Uncertainty

If Attorney-general Gives Literal Restricted Opinion of Statute, Appeal to Court Is Predicted

NEW YORK, July 8.—Until the opinion of Attorney-general Bennett is received as to the meaning of the term "licensed resident agent in this state" appearing in the resident agency law enacted at the latest session of the New York legislature, Superintendent Pink is uncertain how the requirement should be applied. The prevailing belief among insurance men is that the term refers to the location of the agency, and not

to the domicile of the agent. Such is the application given it in states having similar statutes, and is understood to have been the thought in the mind of Assemblyman Haggerty, author of the measure, who is a local agent in Rochester.

The bill was sponsored by the New York State Association of Local Agents which certainly had no thought of discriminating against their members, who reside in New Jersey or Connecticut, but do business in New York. Counsel of the state association is reputed to have taken the broader view of the term; while the attorney of the department has given his opinion that compliance with the term means literally that every policy must be signed by a li-

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The NATIONAL UNDERWRITER

July 9, 1936

CASUALTY AND SURETY SECTION

Page Twenty-five

Surety Acquisition Cost Plan Studied

Another Meeting to Be Called Following Conference at Chicago

CITY AGENCIES PROBLEM

Branch Managers Desire These Special Offices to be Allowed to Pay Brokerage

NEW YORK, July 8.—Following the return of General Manager Beha of the National Bureau of Casualty & Surety Underwriters and the committee of company officials that went to Chicago to talk over the surety acquisition cost situation, another meeting will be called and a report will be made. The committee was not able to swing the branch managers in Chicago to the conviction of the companies that brokerage should not be paid by so called city agents.

Opinion of Chicago Managers

The Chicago managers are very much fixed in their opinion on this point while the majority of the companies object to the payment of brokerage, feeling that these city agents should be merely producing offices handling their own business but not being allowed to accept brokerage. This, in the opinion of a company majority, should be diverted to the regular general agencies and branch offices. In Chicago there are a number of agencies that are now general agents, that are paying brokerage, that have their own solicitors and brokers and they are very hostile to any regulations that will cut them off. Under the proposed plan which was agreed to by the Chicago managers, there will be two offices that will be designated as general agents. There may be two branch offices, two general agents, or one branch office and one general agent.

To Create City Agencies

Then there will be probably 15 or more so-called "city agencies." These are paid the regular 30 percent general agency commission and are allowed to continue their brokerage connections but there will be no more such offices created. When one of these goes out of existence that ends it. This plan is to take care of some offices which surety companies will not give up. They have developed this business in these agencies and intend to cling to them in some capacity. Therefore they want these offices to have the privilege of taking brokerage business. Companies opposing the payment of brokerage by these city agencies hold that this simply continues the abuses that are now prevalent and that nothing will be accomplished until a plan is adopted where none but branch offices and bona-

(CONTINUED ON PAGE 32)

Public Should Be Given Insight Into Insurance

The elimination of various technical and regulatory impediments to the development of insurance and removal from the public mind of the mystery of how insurance works, were urged by A. Van Court Miller, chief accountant New York "Herald Tribune" and vice-president Risk Research Institute, New York, before the annual meeting of the New England Associations of Insurance Agents at Manchester, Vt.

"One of the greatest handicaps," Mr. Miller stated, "under which insurance labors is the general lack of knowledge and understanding on the part of the public regarding insurance. For many years it would seem that insurance people have thought it was to their interest to keep the average man from knowing anything about how insurance works. One of the most constructive moves that could be made by the insurance fraternity would be to reduce insurance to plain, common sense, understandable factors, and then have all their representatives follow a well planned program presenting this information to the public as they contact them from day to day. I see no advantage in fostering and carrying any further this notion of insurance being something that the average man cannot understand and therefore, as a result, in many cases cannot be sold."

Fail in Presentation

He said that in many cases agents have failed completely in presentation of their case and that they have never presented insurance from the standpoint of its definite and indispensable function to the financial and economic structure as a whole, and the business of the prospect in particular. He said that of all lines, fire insurance is the most widely accepted, although many other lines would be as universally popular if their real place in the economic scheme of things was presented with persistence and intelligence.

Pointing out the need of greater education, Mr. Miller said the average assured, after they have taken out insurance, conduct themselves in a manner bordering on semi-irresponsibility. Such assured should be told that insurance buyers ultimately pay the bill that companies as a whole assume as a result of this attitude of policyholders. The fundamentals of insurance should be taught in simple and practical form because the business is more misunderstood and more of a mystery in its general operations than any other business of extensive ramifications.

Compulsory Automobile Insurance

Commenting on the present agitation in many states for compulsory automobile insurance, he said that casualty companies themselves are largely responsible for this condition, due to their failure to sell insurance properly in their contact with the public. He predicted that compulsory automobile insurance legislation would be passed in many states in the near future and he urged extensive study of the subject so that the business would

have a constructive program to deal with the situation when it comes. He also urged greater flexibility in the rate structure in automobile coverage, pointing out that good drivers are not given recognition in the way of decreased premiums and said that if some program were formulated, the large potential market could be covered to the benefit of both assured and carrier.

Mr. Miller pointed out that although regulation is desirable in its broader sense and is necessary to prevent unsound and unfair practices, when it becomes involved in a lot of minute technical detail it loses all sense of broad perspective of constructive regulation and instead of preventing certain abuses, it encourages and builds up others. He said buyers groups have been organized for the purpose of cooperation and mutual helpfulness. Such groups, he pointed out, do not for one moment contemplate or propose to dictate to, or attempt to usurp the functions of the producers in any respect. "We take no sides as to the form of insurance, but are concerned solely with the principles and forms of coverage, rates and cost, as well as the many phases of loss adjustment and other related features."

Responsibility of Agents

Mr. Miller declared agents have a very great responsibility to their clients, who largely depend upon them for expert knowledge and proper handling of their insurance needs. He said the assured generally accepts at face value whatever the agent represents to him in a given situation and in many cases does not even read the policy after it is delivered to him. Although some buyers retain independent insurance ad-

(CONTINUED ON PAGE 32)

Futz Invites Field Men to Watermelon Picnic

EIGHTY-FOUR, PA., July 8. —Field men of fire and casualty companies represented in the Joe Futz insurance agency here and all members of the Smoke & Cinders Club, which is the exclusive organization of fire insurance special agents in western Pennsylvania, have been invited to attend Mr. Futz' watermelon picnic for policyholders at Feibig's Grove, 2½ miles northwest of Eighty-Four, on Aug. 27. The main event will be a horse shoe pitching tournament between field men and policyholders. If a field man is the winner he will have the \$3.75 registration fee that will be charged all visiting insurance men, refunded. Mr. Futz is trying to get J. Dillard Hall, assistant agency director of the U. S. F. & G., to attend and referee the horse shoe pitching contest and give his talk on highway safety.

Conference Held on Casualty Pool

Involves Coverage on Properties of New York Mortgage Commission

NO ACTION TAKEN AS YET

Companies Object to Plan — W. P. Barker of State Mortgage Body Gives Views

NEW YORK, July 8.—At a meeting held here at the request of the Mortgage Commission of New York, attended by representatives of a number of leading casualty companies, efforts were made to work out a plan for the handling of the casualty insurance on all properties owned by the commission. The action followed previous formation of a pool of a group of fire companies to handle the fire and allied lines on these properties, to go into effect July 1. In attempting to work out a similar plan for casualty lines, it was suggested at the meeting that one company be designated as the leader or writing company and that the other companies participate by way of reinsurance. However, many companies expressed reluctance to participate by way of reinsurance.

Barker Gives Views

As a result, W. P. Barker, chairman of the commission, stated the entire matter will be held in abeyance and said brokers of the commission will continue to make specific renewals during the present month. Mr. Barker expressed the viewpoint of the commission in the following statement:

"I am convinced the commission would be treading upon very dangerous ground if it were to concentrate its business with any one company or any small group of companies to the exclusion of a number of other prominent companies. I realize that reinsurance is not indulged in in the casualty business as it is in the fire business and I have no doubt there are a number of companies which have refused to participate by way of reinsurance that would be glad to take the entire business of the commission; in fact, I have been told of some who are thus willing."

Effect on Companies

"Consequently, if we go forward with the small group, the mortgage commission will incur the everlasting enmity of the agencies of the companies which are not in the pool and whose expirations are coming along from day to day. Moreover, there would be little solace to the commission as respects the indignation of these agencies by knowing that the home office or company representatives had been offered a participation in the pool and had turned it down."

(CONTINUED ON LAST PAGE)

NEWS OF THE COMPANIES

Plans For First Reinsurance

Details Given of Setup Looking to Use of Company in Long Haul Truck Insurance

Further plans for the reorganization of the First Reinsurance of the Russia group are disclosed in the application for registration of a stock issue with the securities and exchange commission at Washington.

The First Reinsurance proposes to offer 75,000 shares to the public about Aug. 15 at \$22.50 a share, through Tobey & Kirk and Wilmerding & Co., both of New York.

One-half million dollars of the proceeds will go to Russia International Corporation for 25,000 shares of First Reinsurance. Russia International owns 50,000 shares. It will dispose of only half that number. One million dollars will go into the treasury of First Reinsurance for the 50,000 new shares to be issued. Half of that amount will be earmarked for capital and the rest for surplus.

Upon completion of the financing, new directors will be J. P. Bowes, Jr., head of Bowes & Co. of Chicago and vice-president of W. A. Alexander & Co., of that city; Vincent Bendix, South Bend, Ind.; C. W. French, president Seaboard Surety; R. G. Emerson, vice-president First National Bank of Boston; Frank B. Martin, vice-president Seaboard Fire & Marine and Yorkshire Indemnity.

The holdover directors will be Carl F. Sturhahn, head of the Russia group and president of First Reinsurance; B. N. Carvalho, president Metropolitan Fire Reassurance of the Russia group; Thomas Hewes, George E. Jones of Hartford and Rodney Hitt and Victor W. Sincere of New York.

John H. Awtry, Dallas, former general agent for the Traders & General, was recently elected vice-president and general manager of First Reinsurance. He is a large producer of long haul truck insurance. Recently he and Mr. Bowes completed a managing contract with the National Standard of Houston, which will be used for the insurance of long distance haulers and aviation risks.

London Lloyds will undoubtedly have quite an interest in the new set up. Mr. Bowes recently returned from London where he completed reinsurance arrangements.

With the increase in capital of the First Reinsurance, that company will have capital of \$1,000,000. It is licensed in 18 states and so has a considerable start over the National Standard in that matter. The Interstate Commerce Commission proposed regulations require an insurer to be licensed in every state in which the trucker operates.

The firm of Bowes, Awtry & Co. was recently organized. The head office of this concern will be at 116 John street, where the New York office of the Russia is located. Mr. Awtry will be stationed there. Bowes, Awtry & Co. will handle the transportation lines through National Standard, First Reinsurance and London Lloyds.

Then there is the existing firm of Bowes & Co., which will be, in effect, manager for First Reinsurance and National Standard. The Chicago offices of Bowes & Co. are being expanded and the Chicago office of Bowes, Awtry & Co. will be established there. From that point will be done the mine run of underwriting. Mr. Bowes will continue to be stationed in Chicago. In addition there will be offices in Washington and Dallas.

If the Interstate Commerce Commission regulations require the company carrying long haul truck risks to have more capital than National Standard

Motor Casualty Quits Field

Philadelphia Concern Loses 100 Percent Reinsurance Deal with Excess and Ceases Writing

PHILADELPHIA, July 8.—As a result of the termination of its reinsurance agreement with the Excess as of June 30, the Motor Casualty has ceased writing business.

The company is owned by the Real Estate-Land Title & Trust Company of Philadelphia, and at a meeting of the directors the latter part of last week it was decided slowly to liquidate business now on the books until such time as a final decision is made as to whether the Motor Casualty will effect reinsurance treaties with other companies, be recapitalized so as to eliminate the need of much reinsurance, or liquidate completely.

The contract with the Excess was on a 100 percent reinsurance basis. The Excess had several such contracts under the administration of James Gibbs.

As of Dec. 31, 1935, Motor Casualty had: Assets \$232,768; capital \$150,000, net surplus \$40,176. It was started in 1929. Einar Barford, the treasurer, is a former commissioner of Pennsylvania.

possesses, Bowes & Co. intend to see that the capitalization of National Standard is increased. For the present at least First Reinsurance will continue to operate as a reinsurer. If it seems desirable later, its charter can be amended to permit it to do a direct business and handle truck and bus lines direct.

National Standard has now started to accept business. It is licensed in Texas, Louisiana, Mississippi, Oklahoma and Arkansas and is taking steps to become licensed in other states.

It is expected that the proposed sale of half of Russia International's holdings in First Reinsurance will be up for discussion at the annual meeting of International July 23.

Central Mutual Has Kansas License Under Injunction

Judge Heinz of the Shawnee county district court at Topeka has granted an injunction restraining Commissioner Hobbs of Kansas from canceling the license of the Central Mutual of Chicago. Mr. Hobbs ordered cancellation of the license on the ground that Central Mutual had not put up a \$50,000 deposit which he alleged it had agreed to do. Mr. Hobbs said that last May, when a convention examination of Central Mutual was being started, he refused to renew the license of the company until the examination was completed and suggested the posting of a \$50,000 bond. He declared that an attorney representing Central Mutual signed an agreement to put up this money.

Court Hearing Expected

A hearing is expected in the court later this week on the question of making the injunction permanent.

About 60 percent of the policies filed with the Kansas corporation commission for truck operators have been issued by Central Mutual.

The Kansas commission has had some controversies with the company. Several times the department has held up the certificate of authority until additional funds were deposited to the surplus account of the company. Also there seems to have been some difficulties from the operations of unlicensed agents and the company seemed to accept business from agents who had no license to sell insurance in this state.

This year the Kansas department said

it heard of adjusters who were telling claimants the company was having financial difficulties and it would be better for them to get what money they could. At that time Kansas was preparing to undertake an examination of the company and then discovered that Ohio, Missouri and Illinois were already making an examination. Kansas asked to be invited to sit in on the hearings on the examination and it has attended one hearing and will attend another at Springfield in a few days.

Declined to Renew

In the meantime, while the convention examination was pending, it came time to renew the certificate of authority. The Kansas department declined to renew the certificate. The state corporation commission, which is the custodian of the policies of all motor carriers offering services to the public, demanded new policies. The Kansas department had more complaints about unlicensed agents and also about settlements of claims.

The company then sent an attorney to the insurance department asking for some outline of what could be done to allow the company to continue in operation in this state. Mr. Hobbs told him that if the company cared to deposit \$50,000 in Kansas banks under an agreement that the money would not be withdrawn except with the consent of the department, and to remain on deposit until the convention examination was completed and the report submitted and the requirements in the report complied with, he would renew the license. This was agreed to and the company did make a deposit of \$40,000 in Kansas banks under the agreement signed by the company's attorney. The attorney agreed to keep the certificate in his possession until the convention report was submitted, a hearing held and substantial compliance made upon the requirements.

Denied Making Deposit

At the hearing before Commissioner Palmer in Illinois officials of the company denied they had made any deposits in Kansas with strings attached. Kansas then notified the banks, filing a copy of the agreement with each bank, and it was then discovered that the company has deposited only \$40,000 of the \$50,000 when it had sent a telegram that it would deposit the additional \$10,000. It had also failed to file the agreement whereby the deposits could not be removed except with the consent of the Kansas department.

When Mr. Hobbs discovered the shortage and the failure to file the agreement with the banks he asked the attorney, who made the agreement to return the certificate of authority. Then the company went into the district court and obtained the temporary order to prevent the commissioner canceling the certificate.

Prepares Own Forms

NEW YORK, July 8.—The policy forms of the Accident & Casualty of Switzerland have been just about completed and are in the hands of the printer. The management decided to develop its own forms, rather than to copy those of some other company and, accordingly much original work has been done. That has delayed somewhat the process of getting ready to write business. An announcement is expected soon as to the date on which the Accident & Casualty will actually begin to accept liability.

George Frahm, Hartford Accident adjuster in San Francisco, troop chairman of Insurance Post No. 404, sponsoring Boy Scout Troop 404 spent the July Fourth holiday at Zayante Park where the boys were concluding their annual two week's encampment. Mr. Frahm aided Scoutmaster J. C. Doorschodt in breaking camp for the return to San Francisco. Many of San Francisco's insurance district visited the camp over the week-end.

PERSONALS

E. D. Howard, special agent accident and health department Continental Casualty, has been elected president of the 20-30 Club of San Francisco. Loren Addison of Cosgrove & Co. was elected a director.

J. R. MacKay, Pacific Coast manager of the St. Paul-Mercury Indemnity, has returned from a month's visit to Hawaii.

M. P. Cornelius, vice-president Continental Casualty of Chicago, is spending the summer at his summer home at Lac du Flambeau in northern Wisconsin. Mr. Cornelius is one of the most successful fishermen and spends a good part of the time angling among the lakes in that interesting region. He will return to his desk sometime in August.

Walter S. Costello completed 25 years of service in the Royal Indemnity metropolitan department in New York City July 3. President O'Neill presented him with an elaborate and appropriately inscribed pen and pencil set. In the course of his remarks Mr. O'Neill commented upon the fact that the average length of service of the group of 21 officers and employees gathered to pay their respects to the guest of honor was close to 25 years. The company is celebrating its 25th anniversary.

Robert Gottschalk, Jr., general agent at New Orleans, called in about 30 of his sub-agents from New Orleans and southern Louisiana for a two-day program of business meetings and sociability. Several speakers were heard and there were various compensation and automobile liability topics. Among these were D. B. Lightner, underwriter at the United States head office of the Zurich; H. M. Rose from the head office of the Continental Casualty; William Porteous, a New Orleans lawyer; C. Cohen, engineer for the National Casualty; H. J. Eberhardt, adjuster, and Dr. S. Houston.

Another visitor was E. J. Savage, agency superintendent of the Zurich from Chicago.

At the banquet Mr. Gottschalk, who at one time sang in opera in Europe, and Mrs. Gottschalk entertained with some songs.

New York Manager Urges Change in Rating Method

Proposal to revise rates and premium computation methods for blanket securities bond Standard Form No. 3 has been made to the Towner Bureau by Manager F. X. Xiques of the blanket bond department of R. A. Corroon & Co. of New York. This bond indemnifies against loss from having purchased or taken as collateral forged, counterfeited, lost or stolen securities (Insuring clause A), sold as broker or agent for another any such securities (Insuring clause B), and guaranteed in writing signatures upon endorsements or other documents which pass or purport to pass title to securities (Insuring clause C).

Heretofore, no distinction has been made between brokerage houses and banks in the cost of Clause A, standard cost being \$12.50 per \$1,000, whereas Mr. Xiques considers the brokerage hazard smaller. The majority of claims come under Clause B, he contends. He urged the Towner Bureau to segregate loss experience under the various clauses.

Another inconsistency, he stated, is that the rate is constant whether for \$5,000 or \$500,000 protection. He said present rates make prohibitive the carrying of adequate insurance limits under this bond.

Non-Stock Retrospective Plan to Come Up July 16

NEW YORK, July 8.—The rates committee of the National Council on Compensation at its meeting July 16 will probably consider the retrospective rating plan proposed by non-stock members, now before the appeals committee of the organization. The rates committee at a former gathering voted to accept the original rating method, the decision being reached through the refusal of the non-stock members of the committee to vote. At the meeting of regional committee No. 1 of the council June 25, the non-stock carriers stated they had consistently objected to the retrospective rating plan, holding a better method could be devised, and in support of such view offered what they termed the "Supplementary Rating Plan," which it was claimed "eliminates many of the defects of the proposed retrospective rating plan, provides a stronger incentive for accident prevention, affords a sounder method of determining the premium commensurate with the realized hazards of the risk and is easily susceptible of modification to apply to a larger number of risks."

Compulsory Course on Safety

CINCINNATI, July 8.—A highway safety course one hour a week compulsory for all first year high school students will be given in Cincinnati public and parochial schools next fall. The Cincinnati Safety Council has given 500 copies of "Man and the Motor Car," by A. W. Whitney, associate general manager National Bureau of Casualty & Surety Underwriters and vice-president for education of the National Safety Council, to the city school board. Dr. H. J. Stack, educational adviser of the council, was in Cincinnati conferring with the school board, the safety council, and members of the safety committee of the Robert Bentley Post of American Legion, which is sponsoring the course. Two insurance agents, F. J. Favret, Travelers, and J. C. Welch, Hartford Accident, have been active in the latter group.

Protest Placing Pontiac Line

PONTIAC, MICH., July 8. — Two prominent local agents, J. L. VanWagoner and R. D. Tyler, have protested the city's award of motor vehicle and workmen's compensation lines to the Michigan Mutual Liability of Detroit. It was pointed out that the Michigan Mutual Liability's bid of \$1,623 for covering the city motor vehicle fleet was higher than the \$1,550 bid of the Great Lakes Casualty of Detroit.

The commission has the right under the city charter to place its insurance business at its best discretion, according to an opinion of W. A. Ewart, city attorney. It is the claim of some of the commissioners that the Michigan Mutual Liability bid will be the lowest on a net basis because of an assurance of a dividend.

Illinois Federation Outing

The annual outing of the Insurance Federation of Illinois will be held Thursday at the Elgin Country Club, with officers, directors and their guests attending. A full day's program will include a golf tournament, climaxed by dinner in the evening. A number of prominent insurance men from around the state are expected to attend.

Cornelius O'Leary Honored

Having completed 25 years' service with the Fidelity & Casualty, Cornelius O'Leary, assistant secretary in charge of accounts department, was presented a gold medal watch fob by Ernest Sturm, chairman of the board.

New 1936 Time Saver of accident and health policy information is out now. Order through this magazine.

Two Casualty and Surety Bills Passed in Louisiana

MEASURES BEFORE GOVERNOR

One Prohibits Auto Guest Rider Claims Unless Gross Negligence of Driver Is Proved

Of the numerous bills affecting casualty and surety interests offered in the Louisiana legislature, which will conclude its session July 9, but two passed. All others were either killed on the floor or left in hands of committees. Of the two measures approved and now before the governor, one provides for administration of rates for the two divisions of underwriting named, very much along the lines that have governed fire rates in the state for a number of years, and which has proven acceptable to the companies. The other bill deals with the automobile guest hazard, prohibiting claims unless gross negligence on part of the driver be proven. In enacting such law Louisiana falls into line with 26 other states having similar statutes. The effect of enforcement of the measure should very materially reduce the loss experience of the public liability writing companies in Louisiana, where guest claims in recent years have been excessive and highly expensive to insurers.

Liquor Liability Rates in Downstate Illinois Reduced

The Equity Mutual of Kansas City has reduced rates for liquor liability coverage in Illinois outside of Cook county. This action was taken on the basis that there was less concentration of population, fewer places where liquor was sold and less night life in the country. The Equity is now writing only the so-called broad form of liquor liability contract in Cook county where formerly it wrote also the restricted form which covered for a maximum limit during the term. The broad form is non-aggregate.

Towner Bureau's New Rates

NEW YORK, July 8.—The Towner Rating Bureau has promulgated rates to be charged for the various types of bonds required in connection with the federal emergency housing project in Brooklyn, where 20 four-story apartment buildings will be erected. The bureau likewise announces that whenever bankers blanket bond form 8, revised, is issued as primary coverage and in addition form 2 is issued as excess or concurrent coverage, the depository chute rider may be attached to form 2 without additional premium charge. Where form 2 is issued solely as primary coverage, the annual charge \$100 for each office maintaining one or more chutes applies.

National Surety Order Signed

NEW YORK, July 8.—The appellate division of the supreme court of New York has signed the order as submitted by counsel of the Commercial Investment Trust carrying out the recently rendered decision directing sale of the National Surety to the C. I. T., as recommended by Superintendent Pink.

General Surety Dividend

Superintendent Pink of New York is mailing to creditors of the General Surety in liquidation a second dividend amounting to 4 1/4 percent of the allowed claims and totaling \$197,646. A first dividend of 6 percent, aggregating \$299,192 was paid in February. General Surety was incorporated Oct. 10, 1927, and began business in January, 1928.

Prominent Speaker at New England Agents' Meeting



FRANCIS J. DECELLES

Insurance Commissioner DeCelles of Massachusetts was one of the chief speakers this week at the annual meeting of the New England Associations of Insurance Agents at Manchester, Vt. He is a conspicuous figure in state supervisory work and has been in the limelight. He is regarded as one of the greatest students among the commissioners.

Apply for Rehearing in the Georgia Agency Law Case

Application for a rehearing by the Georgia supreme court of its recent decision in the case of the State vs. Hartford Steam Boiler has been formally filed and will be passed upon in due course. The action is based on the constitutionality of the Georgia resident agency law which prohibits granting agency licenses to salaried company representatives. The case is a test one, and should the supreme court reaffirm its previous decision upholding the statute, appeal will be taken to the United States Supreme Court.

Baffled by Andorra

JEFFERSON CITY, MO., July 8.—The Missouri supreme court condemned the use of the expression "and/or" in a petition filed in connection with a suit against the policyholders of the "Federal Automobile Insurance Association and/or Federal Automobile Insurance Underwriters of Indianapolis," which went into bankruptcy in 1928. Assessments against the policyholders were levied by receivers for the Federal Automobile Insurance Association. In holding that the use of the term "and/or" made the petition meaningless, Judge Frank wrote: "I confess I do not know what is meant." The high court upheld a restraining order against three St. Louis circuit judges obtained by a policyholder of the Federal Automobile Insurance Association to block the collection of a special assessment of \$400,000 from 6,500 Missouri policyholders.

Favor Pedestrian Control

NEW YORK, July 8.—Crossing streets at other than intersections cost the lives of 39 persons and the injury of 938 others in this city during the first five months of 1936. In 1935, 178 lives were lost and 3,406 persons injured under like circumstances. Casualties for various causes at crossings were, 24 killed and 750 injured, thus far in 1936; while 131 were killed and 2,518 injured last year. These statistics were presented by the police to the aldermanic

Big Job of Terminating Illinois Policies Started

PETER MALAH IS IN CHARGE

Eleven Girls Are Stamping Notices on Some 200,000 Compensation Certificates in State

Peter Malah, Chicago manager of the National Bureau of Casualty & Surety Underwriters, has placed a staff of 11 girls in the offices of the Illinois industrial commission to stamp termination notices upon certificates of compensation insurance for eight years back where the insurers have failed to file notice of termination. Under the Illinois law, an insurer must give the industrial commission 10 days notice of termination of a compensation policy. The companies have been lax in this matter and recently there have been three lower court decisions in Illinois holding the insurer liable for compensation claims that developed after the policy had expired but where the company had not given notice of termination.

Mr. Malah has been designated attorney-in-fact by 49 companies in this undertaking. Travelers and Liberty Mutual have not yet given him power to act. It is understood they fear that by affixing the stamp of termination to the certificates of insurance, the company might be deprived of any defense to a claim under the policy that developed any time up until 10 days after the stamp was affixed. However, Travelers and Liberty Mutual have not given their final answers.

Large Undertaking

This is a tremendous job. There are some 275,000 files that must be pulled. It is estimated that there are about 200,000 termination notices that must be stamped on certificates of insurance. The girls so far have been able to stamp about 2,000 certificates a day. Some of the girls are engaged in pulling files, others in stamping the certificates and others in typing notices to the companies of the certificates that have been stamped.

Mr. Malah obtained the permission of the industrial commission to use the stamping method rather than to type formal notices to the commission and then get typed acknowledgments in return from the commission. This is the wording of the stamp:

"To the Industrial Commission:

"You are hereby notified that the insurance contract issued by the insurance company named and the certificate of insurance to which this stamp is affixed is hereby terminated 10 days after"

"If notice of termination has been given to the commission previously in accordance with the law, this stamping notice shall be held to be of no effect and the previous notice shall remain in full force and effect."

"This termination approved by industrial commission, by rule passed by resolution of June 30, 1936."

"Peter Malah, attorney in fact, for the insurance company named in this certificate."

committee on traffic, in support of Police Commissioner Valentine's appeal that his department be given authority to arrest "jay-walkers, not to prosecute them, but to protect their lives and to safeguard motorists from unnecessary hazards." The customary method of traffic control by lights has proved unsatisfactory as to pedestrians, and a more positive method is favored by both the Automobile Club of New York and the National Conference on Street & Highway Safety.

W. J. Hartman, formerly with the Indemnity of North America at Seattle, has returned to the city as agency organizer for the Mutual Life of New York. He has recently been with the latter company in Billings, Mont.

Future Status of Agent Is at Issue

(CONTINUED FROM PAGE 5)

marily, would not suffer, the policyholder would be penalized and companies would have to bear the brunt of public disfavor.

Another matter of vital importance to both agents and companies is adjustment of losses. Mr. Bair pointed out the only thing the agent has to sell is the loss paying ability of his company and its fairness in living up to its contract. The client places his trust in the agent who sold him the policy and when a loss comes it is imperative that the agent concern himself in effecting a fair adjustment, in order to retain the good will of his customer. He likewise performs a duty for his company because, when he sold the policy, he virtually placed a stamp of approval on the client and it is therefore his duty to protect the company in the adjustment. The agent has a more intimate knowledge of the background and character of his customer than the adjuster and is therefore in better position to judge the fairness of a settlement.

Compared to Auto Dealer

Mr. Bair compared the agent in this connection to the automobile dealer who, in case of mechanical defects in the automobile he sells, must settle the matter favorably to his customer or he will lose his patronage. The dealer is therefore looked upon as his company's spokesman, just as the insurance agent is considered a true representative of his company. In emphasizing the value of the agent's services, Mr. Bair called attention to a book entitled, "Buying Insurance," recently published by P. D. Betterley, insurance buyer of the Graton & Knight Co. of Worcester, Mass. Mr. Bair termed as unwarranted the criticism contained in the book, which, "in sarcastic vein, warns the insurance buyer against agents and brokers who 'pose as

adjusters.'" The book also criticizes the general status of the agent, labeling him as the "third party" in the insurance contract. Declaring the insurance buyers' movement is growing and that companies and agents should extend them all possible aid in their activities, Mr. Bair raised strong objection, however, to the "theory propounded by Mr. Betterley that individual selling was subversive to mass buying. He would transfer your position as insurance buyer to a limited group of insurance consultants. It is only one industrial organization out of thousands which has at its disposal a professional insurance buyer. On the other hand, every business concern, every home owner, has in the immediate neighborhood a competent insurance agent who is in truth an "insurance consultant."

Some Agents Incompetent

It is true, Mr. Bair said, that there are some incompetent agents in the business. "Here again we have what admittedly is a company duty, the appointment of its own agents, for who can deny that every agent in a community is involved when an incompetent agent is appointed? Immediately, it becomes the business of all agents. That is why we have found it necessary to set up local boards in all principal communities, and why we have deemed it essential that states adopt adequate license laws."

Concluding, Mr. Bair said that because of recent emergencies which have developed, the National association has had to take action to protect the interests of its members, even at the expense of some time-worn traditions. In regard to commissions, a subject which the association has previously avoided, the National association was forced to protect its mem-

bers by making an agreement with the HOLC for the handling of insurance on properties on which it makes loans, when premiums are delinquent. This was a national issue, he said, and the agent now receives 50 percent of the commission in his territory, which is better than nothing. Similarly, when the federal motor carriers act was passed, if the association had stood by idly there would have been no commission on long haul truckage, or at best a mere pittance. Mr. Bair declared that although the officers hesitate to project themselves into any commission question, "it is their earnest belief that the National association cannot keep faith with its members if it sidesteps any pertinent questions, for the sole reason that the commission item is involved."

Half-Year Record Found Gratifying

(CONTINUED FROM PAGE 5)

The general complaint heard in all company offices is the steady reduction in rates. There is no criticism of the rating bureaus in such connection, managers appreciating reductions as affected by the experts are predicated upon sound basis. What they do fear, however, are wholesale reductions arbitrarily ordered by state authorities. Although it is an easy matter to reduce rates, experience has demonstrated the extreme difficulty of securing tariff increases, however justifiable these are shown to be.

Looking ahead, executives are speculating as to what may be counted upon three or five years hence, if the rate reduction movement continues and at the same time the loss record again becomes normal. In recent years the losses have been exceptionally light, and the feeling in some quarters is they may so continue just so long as general business conditions improve, for fires

decrease relatively on a rising commodity market, and conversely increase as general business curtails.

Premiums on automobile coverages, the most important of the mis-called "side lines" of the fire companies, are greater thus far in 1936, than in the comparable period of last year, reduced values of old cars and reduced rates in many territories being more than offset by the number of new automobiles that have been purchased. There has been a gain, too, in income from inland marine business, the result largely of the considerable number of additional companies that have entered the line, and of the intensive drive for the coverage made by practically every office writing it. Fear is voiced that because of this excessive competition, the profit hitherto had from the business may be converted into a loss, unless greater care than some companies are showing be exercised.

Shortage Is Reported in California Liquidation Work

SAN FRANCISCO, July 8.—A shortage of \$14,658 in the accounts of N. C. Cunningham in connection with the collection of earned premiums due the Union Indemnity and other defunct companies in the hands of the liquidation department of the California division of insurance is announced by Finance Director Stockburger, following an audit of the books at the request of Insurance Commissioner Carpenter. Cunningham had a contract to collect earned premiums on a 60/40 basis.

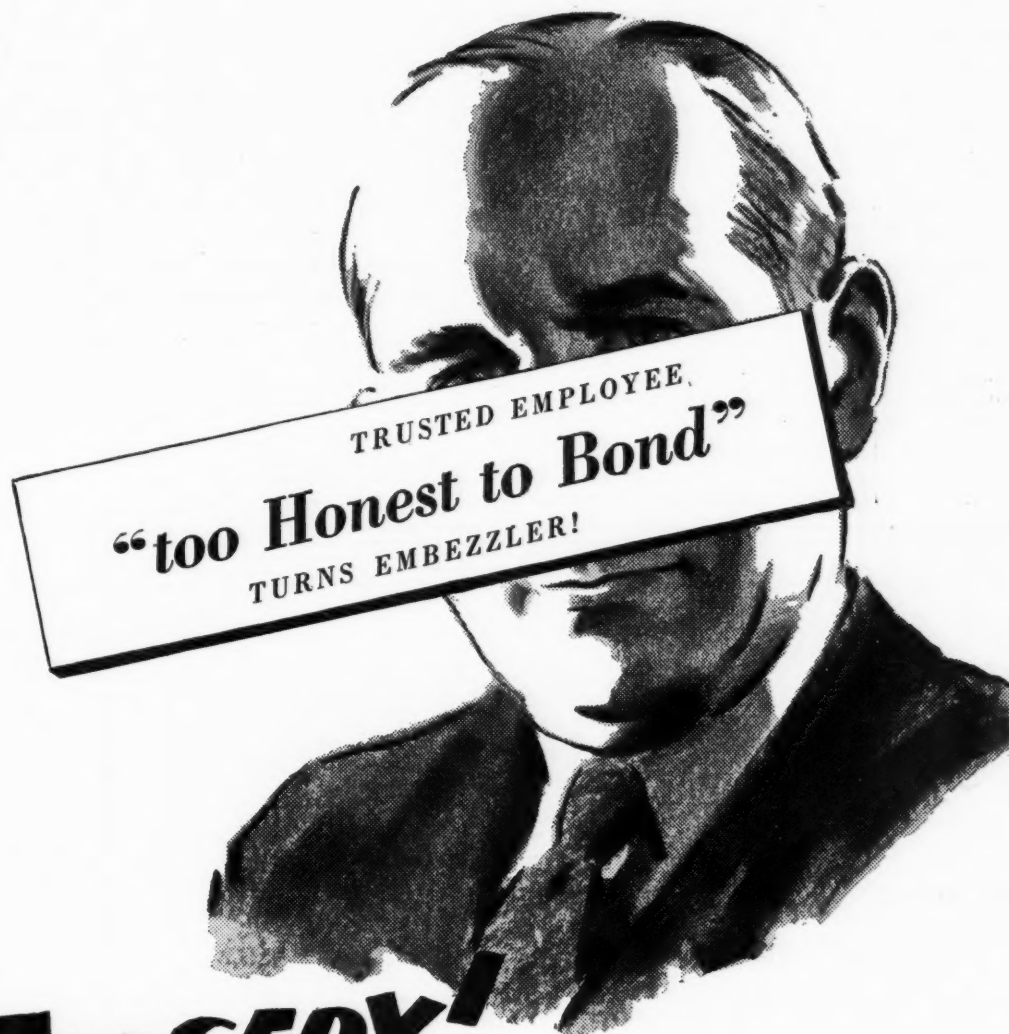
Whether criminal action will be taken has not yet been decided. Because of similarity of names, the allegations are somewhat embarrassing to Neil Cunningham, deputy attorney general of California, assigned to the insurance division. In his four years' service there he has won the respect of the insurance fraternity as the result of his proven ability and fair cooperation.



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—but for one man's persistence

DISMAY and consternation at the offices of the B--- Company! The feelings of all are voiced by President Forsythe: "I can't believe it! That Joe, of all people, could be guilty of such a thing! I would as soon have thought of bonding my own father! And to think that Joe's dishonesty might have ruined this firm."

"But it hasn't," snapped the Treasurer, "thanks to one man's persistence in making us see the value of a Primary Commercial Blanket Bond. Joe is the last

person I would have suspected, but we are fully protected no matter where dishonesty crops out. This is a sad blow to our pride, Tom, but thanks to this man, none to our pocketbook."

The "one man" in this story was a U. S. F. & G. representative—again demonstrating the fact that the agent or broker who persists in selling his clients needed protection is acclaimed for his persistence when a loss occurs.

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F. & G. FIRE

HOME OFFICES BALTIMORE

FIDELITY AND SURETY NEWS

Detroit Seeks Blanket Cover

Companies Shy at Additional Protection Due to Defalcations—Now Has Individual Bonds

DETROIT, July 8.—Since the defalcations of the late Harry M. Tyler, assistant controller of Detroit, the city has been making determined efforts to secure a blanket coverage bond covering all city employees handling funds as additional protection over the individual surety bonds now in force.

The city has notified surety companies operating in Michigan that it is willing to pay a high rate for this coverage but the companies have consistently shied away from the risk. Tyler's defalcations constituted the second series of embezzlements of large sums of city money in recent years. The present intention of city officials is to advertise for such coverage when it advertises for individual surety coverage to become effective Sept. 1, hoping to force the companies into line in this manner.

Ohio State Bonding Analyzed

Need for Standardization and Central Authority for Placing Business, Says Harry D. Silver

COLUMBUS, July 8.—Harry D. Silver, former Ohio director of finance, and now a member of the "action committee" named to analyze the recommendations of the Sherrill committee for state government economies, has been studying surety bonds of state employees. Employees in only two departments pay for their own bonds. There are 2,809 bonds, amounting to \$13,225,500 and the premiums total \$42,323. The rate of premiums runs from \$1.25 to \$10 and then jumps to \$25. It is explained that in the last named instance there are 110 bonds of \$200 each, the state paying \$5, the minimum of each bond, or a rate of \$25 a thousand.

Ohio does not carry fire insurance, and from some quarters has come a suggestion that it eliminate surety bonds, but Mr. Silver is inclined to believe that

the moral factor makes surety bonds a necessity. He feels that if the placing of these bonds is handled by some central authority, a saving might be made. Employees are importuned by friends who are insurance agents to take out bonds, and as a result there has been somewhat of a hodgepodge of surety coverage. Mr. Silver has declared himself in favor of readjusting and standardizing the surety bonds carried by state employees. In this connection he points out that in one state institution the chief officer pays \$120 for a \$30,000 bond while a subordinate pays \$150 for a \$15,000 bond. One of the Columbus newspapers has declared in favor of self-insurance in the bonding of officials and employees as well as in fire coverage.

Commercial Casualty Wins Wisconsin Treasurer Case

The Commercial Casualty has been absolved by the Wisconsin supreme court of liability under its bond covering the state treasurer as a result of the failure of the Capital City Bank of Madison. The U. S. F. & G. was seeking to get a contribution from the Commercial Casualty in view of the fact that U. S. F. & G. had paid a loss under a

depository bond covering state deposits in that bank.

The U. S. F. & G. sought to recover one-third of the amount that it had paid. It contended the Commercial Casualty was liable because the deposits had not been made in compliance with the state depository act, a condition precedent to the release of the state treasurer and his surety from liability for state funds. The U. S. F. & G. conceded that in order to enforce contributions against Commercial Casualty the liability of U. S. F. & G. and Commercial Casualty must be a common liability.

The supreme court held that the liability of sureties is not common merely because ultimately the same fund will be restored or replenished.

Had the U. S. F. & G. failed to make good the loss due to the failure of the Capital City Bank, Commercial Casualty would have been liable upon its undertaking. However, the liability of Commercial Casualty would be one growing out of the failure of the treasurer to perform his duty as a public official. Liability of U. S. F. & G. grows out of the failure of the bank to repay moneys to the state treasurer. These are two distinct liabilities. Had Commercial Casualty been required to restore the funds to the state treasury under its undertaking, it would have been subrogated to the right of the state to proceed against the sureties of the depository. If the sureties of the depository make good no liability arises on the undertaking given by Commercial Casualty.

Minimum Is Not Changed

NEW YORK, July 8.—There has been no change in the annual minimum rate for fidelity bonds although some agents may have gained such an impression from the mechanical transposition of a line in the revised manual of the Towner Rating Bureau. The minimum rate for the coverage remains at \$10 per person or position as it has for years past.

Corporate Surety Required

OLYMPIA, WASH., July 8. — The state supreme court has decided that only bonding companies can act as surety on grain warehouse bonds. Prominent elevator operators had sued for a writ of mandamus to compel the state director of agriculture to approve bonds where milling companies owned by warehouse operators had signed as sureties.

Can't Cover Stock Brokers

The Towner Rating Bureau has announced that the new bankers blanket bond, form No. 8 revised, as recently amended, may no longer be written for stock brokers, although it may still be written for investment banking houses. At one time, a considerable number of brokers were covered under No. 8 revised, but the introduction of brokers blanket bond No. 14 revised last fall resulted in most of this business being switched to the new form, which is intended for brokerage houses and which gives a brokerage house better cover than No. 8 revised. This ruling of the Towner Bureau has the effect of crystallizing a change which was definitely under way and which was generally contemplated when the new brokers form was brought out.

Watching the Contractors

Surety contract bond men are watching contractors these days. There are some that have tried to break into the contracting business that are not very stable or promising. Some of the older contractors that practically left the field are returning. Most of the contractors doing large work appear to be in very good shape. There are a number of important projects up so the contract bond premium income has been maintained fairly well.

Order **Argus Charts**, Casualty \$1, Fire \$1, both \$1.50. 420 E. 4th St., Cincinnati.

Reduced Rates

for automobile liability insurance is one of the many rewards to the community which earnestly attacks the Traffic Safety Problem. It is the duty of the local agent to make this known and lead in its accomplishment.

BANKERS INDEMNITY INSURANCE COMPANY

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Casualty Affiliate of The American Group

COST

ESTIMATED COST OF
AUTOMOBILE ACCIDENTS
IN THE YEAR 1935 WAS
\$1,580,000,000

4% INTEREST ON THAT
SUM WOULD SUPPORT
40,000 AVERAGE
AMERICAN FAMILIES

ACCIDENTS COST TOO MUCH!

DRIVE SAFELY

KANSAS CITY
NEW YORK
CHICAGO
LOS ANGELES
SAN FRANCISCO

EMPLOYERS REINSURANCE CORPORATION

E. G. TRIMBLE, President

Chicago Acquisition Cost Issue Back to Companies

(CONTINUED FROM PAGE 25)

vide general agents can take brokerage. In the conference with Chicago managers, the latter took the position that it will be impossible to work out a satisfactory solution of the local problem without giving recognition to the existing general agencies that could qualify under a standard that was proposed. It is stipulated that an agency must have at least \$50,000 in surety premiums and must have a regular surety department in charge of a superintendent to qualify as a city agent. The local men feel that they can successfully select the general city agencies so that the list will be satisfactory to all concerned.

Numerically the companies voted against the city agencies paying brokerage but a few of the companies of the larger mold that have important connections in Chicago are back of the managers there who want these offices to be able to pay commissions to their brokers.

EFFECT OF THE OPPOSITION

The vigorous opposition of several Chicago managers to that feature of the

proposed surety agreement forbidding city agents paying brokerage, while it will not upset the program, will delay its enforcement, and may mean the adoption of some slight modification therein. The matter is having attention of the managerial head office committee, and will likely again go before the membership of the acquisition cost conference. It was earlier assumed the plan virtually adopted at the joint conference of executives and managers in Chicago ten days ago was final, authority being given the executives committee by the conference to fix the date when it would become operative. The protests from several Chicago managers, however, have deferred such action.

Permanent San Francisco Office

Pacific Coast department offices of the Association of Casualty & Surety Executives have been moved into permanent quarters on the 10th floor of the Pacific National Bank building in San Francisco. Since the department was created a few months ago Reginald C. Moss, representative, has been quartered in temporary offices in the same building.

Complete copies of the **noncan accident and health contracts** are in the new 1936 Time Saver. Order now through this paper.

The Bell Rings Again for School Bus Business



School bells are silent until Fall, but the bell is ringing again for Ohio Casualty agents to give time and attention to school bus business.

School boards usually require that bus drivers protect themselves (and the school boards) by carrying Public Liability and Property Damage insurance. In some States they demand that the driver furnish a bond, guaranteeing faithful performance of his duties.

Ohio Casualty's attractive rates, added to its strong financial position, its wide experience in the field and its reputation for prompt service are helping O. C. agents to get a big share of this profitable business. . . . More details wanted? Just drop us a card.

An inquiry from agents in unassigned territory who want to know how and why, will bring full details.

THE OHIO CASUALTY INSURANCE CO.

Home Office

Hamilton, Ohio

Automobile Accident
Burglary

Full Coverage Automobile

Liability

Fidelity and Surety Bonds

Plate Glass

PUBLIC SHOULD BE GIVEN INSIGHT

(CONTINUED FROM PAGE 25)

visers, the practice is not universal, and therefore responsibility of the agent is greatly increased. He pointed out that in many cases policies are issued to the assured and never reviewed by any one else, which might result in a business being unable to rehabilitate itself after loss because of inadequate coverage or improper type of coverage, or a number of other angles.

Mr. Miller also declared it was the responsibility of the agent to educate the insurance buyer in a very definite and practical way on the general subject of insurance. Although there is a vast amount of literature, issued by companies, and there are many publications on the subject of insurance, he said the average buyer has neither the time nor opportunity to keep himself posted through such mediums. The buyer therefore relies entirely on the agent or company in this respect.

Value of Education

Mr. Miller said that "through a process of education you can open up vast possibilities for additional revenue. It is almost pathetic at times to think of the woeful lack of knowledge or understanding of the most elementary principles of insurance or underwriting on the part of many business executives, managers and owners. They have an almost childish faith in the mystical ability of insurance companies to pay claims, feeling that once they have paid a premium, the company in some magical manner produces money to pay claims. A great many improvements and constructive developments in methods of underwriting will flow from enlightenment of clients on your part regarding the background and basis for underwriting and rate making of particular classes and types of risk."

The subject of rate making, about which the average buyer knows nothing, should receive more attention. He said the manner in which rates under different classifications are determined, official methods and machinery employed to determine different classes, are "a deep, dark mystery to the vast majority of insurance buyers." The agent, he said, should have an actual and definite working knowledge of the various established rating boards if he is to render constructive service and protect the interest of his clients. The agent must also bring to the attention of these boards the trend of current developments as he discovers them in contacting his clients.

Matter of Self Preservation

Self-preservation necessitates the agent's doing this, Mr. Miller said, because "unless the agent brings definite opinion and pressure to bear to recognize current trends and developments from the standpoint of competition, the agent will continue to see an increasing proportion of the cream of the business being absorbed by means of self-insurance, mutual insurance and reciprocal exchanges." He declared it was amazing that agents and stock companies have permitted growth of these organizations. He attributed it to lack of constructive thinking and action on the part of agents and company managers, and said that "it is a type of competition that seems to me can very readily be met successfully and profitably by stock companies." Although rate making must always remain in the hands of actuarial and statistical experts, the underlying policy in rate determination should be influenced by practical consideration and agents are the ones who can bring these considerations forward.

Duty to the Client

Mr. Miller declared it was the duty of the agent to make certain that, so far as is possible, the buyer is fully and adequately covered for the liability insured against. If 100 percent coverage is not possible, the agent should tell the buyer

so in order that he may know what his position is so that a situation will not arise at a later date that will prove not only embarrassing but expensive. The buyer cannot always tell by the written or printed word in the policy just what the situation is going to be with respect to adjustment of loss when it occurs.

In this connection, he also emphasized the value of engineering and inspection services in preventing accidents and reducing losses. He pointed out it is to the mutual interest of carrier and assured to hold losses to a minimum as the carrier can rarely reimburse assured for the full amount of his losses. "All things being equal," he said, "the company which has the best inspection and engineering organization dealing with a particular type of risk should be favored with the business."

Mr. Miller said the insurance buyer is also becoming more interested in the financial responsibility of the carrier. Financial soundness does not always mean the company with largest surplus or largest ratio of surplus, he pointed out, but that company with good underwriting results and control of expenses, together with sound ratios of reserves and a carefully diversified investment portfolio. He suggested it might be helpful to have a closer approach to standardization in preparation of financial statements, to facilitate analysis and comparison by all concerned.

Credit Men Important

In development of new business, Mr. Miller said a program to develop the active interest of credit men in the need and value of proper and complete insurance coverage should prove very helpful. Although it has been the practice for many years for credit men to require as part of financial statement submitted by prospective customers for credit rating, a list of types of insurance being carried by the applicant, in few instances is the applicant requested to submit policies or detailed list of carriers. He said credit men should be educated to analyze the insurance contract to determine that the terms are such as to really protect the particular concern against the risks indicated, and that the companies are sound. Public accountants should also be awakened to the valuable service they can render their clients by making it a point, as part of their audit function, to analyze in detail the insurance coverage and lack of coverage of each client. This, he said, would have a marked effect on the business generally toward insurance of all kinds.

In conclusion, Mr. Miller emphasized "that the problems of insurance as between carriers, their representatives and assured are more mutual than any other problems of our business life. You men in the field are in a strategic position to perform a service for the business as a whole by being well posted yourselves and, in turn, keeping your clients and prospects well posted on all trends and developments affecting their particular problems, as well as the larger problems of insurance. Let us put our shoulder to the wheel and, with a definite program of action, clear from the path all those impediments that hinder our progress so that insurance may occupy that place to which it is rightfully entitled in the economic structure of our society."

Proposes Compulsory Law

BOISE, IDA., July 8.—Compulsory automobile insurance is proposed by Attorney-general Miller.

"None of the present laws afford any relief to persons who are injured," he said, "or provide compensation to those who suffer property losses in automobile accidents. I propose establishment of a state fund to be created by every automobile registered in Idaho against damages and injuries that may be inflicted by it."

New England Men at Manchester, Vt.

(CONTINUED FROM PAGE 3)

ing from President Bair, the audience heard Commissioner De Celles and John A. Wright, a lecturer from Scotia, New York.

Mr. Smith introduced a galaxy of notables including former National Presidents Edwin J. Cole and E. M. Allen, Commissioner Sullivan of New Hampshire and state association presidents.

Tuesday morning Edwin F. Livingston, North Troy, president Vermont association, gave a greeting for Vermont agents to which A. B. Gile, Hanover, N. H., national councillor, responded.

In his annual address Fred R. Smith reviewed the chief problems facing agents in the year, telling what part the New England group had taken in their consideration. He was followed by Warren S. Shaw, secretary, who reported a profit of \$548 on the meeting last year.

President Bair, who followed, told the convention that he is attending a company-agency conference in New York Friday to consider major automobile finance accounts. He said there was a definite trend toward a meeting of minds on both major and minor accounts.

Chairman Smith called on Jay W. Rose, secretary New York association, who expressed the good will of New York agents and entertained with some well told stories.

Insurance from the buyers' viewpoint was discussed by A. VanCourt Miller, chief accountant New York "Herald Tribune." The session closed with a demonstration of fire prevention methods by Theodore W. Gunn of the New Hampshire Board of Underwriters.

Howard Starling of the Association of Casualty & Surety Executives, on public relations, Vice-president Jesse W. Randall of the Travelers on retrospective rating and F. S. Dauwalter on a joint enterprise were the speakers Wednesday morning. Mr. Randall outlined the development of retrospective rating and emphasized its advantages for agents and buyers.

Interest in Insurance Move of Department of Justice

(CONTINUED FROM PAGE 3)

trucking will exert a beneficial effect.

It is an open secret that at various times stolen articles, especially jewelry, have been bought back by the insuring company or its representative from a member of the underworld and at a price that was cheap compared to what the company would have to pay the assured, had the goods never been recovered. Nevertheless, the percentage of these cases is small. Undoubtedly a certain amount of goods is stolen with the insuring company in mind and in well-planned robberies, it is always "planted" long before it is taken from its rightful owner. In such cases where contact is made with the carrier, it is the only opportunity the company ever has of recovering the article which has become too "hot" to be disposed of in any other way. The situation confronting the company in such instances is simply the choice of paying, for example, \$5,000 or \$500.

However, this practice has fallen into disuse to a great extent in the last couple of years. A check up of robberies occurring within that time reveals the fact that where property has been recovered, it has been through the arrest and conviction of the thieves involved. Disregarding the moral angle for an instant, and looking at the situation from a purely commercial viewpoint, were this practice to become frequent, it would develop into such a racket that the insurance companies could not stand up under it.

The assistance of government men in stamping out thefts will be welcomed by the insurance industry as a whole

and every cooperation will be offered them.

Old Ironsides Field Man Gives Novice Good Advice

(CONTINUED FROM PAGE 15)

old taffy, but it shows you know your groceries, and there is no blast in it. The fellow thinks you're smart. Same way, if you meet up with somebody from the Home you can say "Your Mr. Kurth is surely one of the most outstanding executives in the business. I have followed his career with a great deal of interest. I admire him, and hope to have the good fortune to meet him in the not far distant future." A little fancy language there, Oscar, but the fellow only thinks more of you for using it.

* * *

It's the same way all along the line. If you meet anyone from the Great American say "I think Mr. Street handled the rate controversy in a masterly manner." If you meet Ray Nelson tell him how you think Palmer handled everything in a masterly manner. Always ask John Miller about his children, and don't forget he's just had a new one. Tell Shirley Moissant you al-

ways read his paper from cover to cover, and that you are greatly benefited by the practical and constructive articles. If you are ever introduced to Fred Gund, act like you can't hear him very well, and ask him if he won't please speak a little louder. Ask some Springfield field man if he can't get the name of John Harding's tailor for you. In other words put the oil out all the time. Don't wise crack. They may kid you, Oscar, about the way you spread it, but no one will ever get sore at you for telling him how smart he and his manager and his company are.

Allows Bay State Mutuals 10% Compensation Increase

BOSTON, July 8.—Commissioner DeCelles has approved a petition of the mutuals in the state to increase their standard workmen's compensation rates 10 percent. The commissioner said: "I have approved this petition for increase in order that the mutuals may maintain their present dividend scale in the state. The increase will of course apply to all risks written by the mutuals." The increase can be made retroactive to May 1.

The effect will be to bring the stock

company minimum retrospective rate and the mutual net rate very close together, with probably not more than 5 percent difference.

The Massachusetts Rating & Inspection Bureau has announced a special provision for mutual policies under the retrospective plan of rating workmen's compensation risks, to be inserted in the manual. It reads:

"The final retrospective rating premium applicable to policies written by mutual insurance companies which are members of the Massachusetts Rating & Inspection Bureau shall be the retrospective rating premium as above determined, modified by the addition thereto of 10 percent of the amount by which such retrospective rating premium exceeds the sum of \$5,000."

The premium discount rule of the manual will not apply to mutuals, under a new paragraph to be added to the rule which reads:

"This rule shall not apply to policies written by mutual insurance companies which are members of the Massachusetts Rating & Inspection Bureau."

The amendments have been approved by Commissioner DeCelles.

The Pearsall & Frankenhach agency, Westfield, N. J., has been incorporated by C. H. Frankenhach, Bernice Y. Mueller and R. S. Snevily.

PROMISES FULFILLED

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Something entirely new in public liability insurance—completely fulfills present-day needs—opens new market—provides outstanding opportunity for reputable agents. Also, special policies covering sporting events, conventions, parades, trade shows, expositions, property management, pyrotechnics displays, fraternal conclaves, etc.

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Detroit, Michigan

CHANGES IN CASUALTY FIELD

Galentine Is Now Globe Indemnity Vice-President

W. H. Galentine, head of the legal and claim departments of Globe Indemnity, Royal Indemnity and Eagle Indemnity, has been appointed a vice-president of Globe Indemnity. He has been connected with that company since 1924. In 1931 he took over the legal and claim departments of Royal Indemnity and Eagle Indemnity as well. Before joining the Globe Indemnity he was connected with the New York insurance department liquidation bureau as special deputy.

J. P. McCormick, who has been connected with the home office claim department of the Globe Indemnity, has been made superintendent of the home office claim department of Eagle, Globe and Royal Indemnity.

U. S. F. & G. Cincinnati Move

CINCINNATI, July 8.—The office here of the U. S. F. & G. is moving to greatly enlarged quarters on the sixth floor of the Dixie Terminal. The Cincinnati office ranks third among all offices of the company in premium increase this year, additional space being required to handle the increased volume of business. Office layout will follow that adopted as standard by the company. H. B. Hupp is manager.

Changes Made in Michigan

Manager John F. Horton of the Aetna Casualty & Surety group at Detroit announces the resignation of John I. Toft, who has purchased an interest in the Weadock Insurance Agency of Saginaw, Mich., and becomes its manager. Since Mr. Toft joined the office he has spent his entire time in production and underwriting.

Mr. Horton also announces that C. E. L. Burwell, superintendent of the Grand Rapids office of the Aetna Life

companies, has gone with the Grinnell-Row Company of that city, well known agency. Mr. Burwell has been with the Aetna Life people for nine years and has devoted his time to production and administrative duties.

Keating Succeeds McDonough

William Keating has been transferred by the Employers Liability from the Newark office to become claim superintendent in the Illinois department at Chicago. He succeeds J. F. McDonough, who resigned to become claim superintendent at the head office of the Zurich. Mr. Keating was at one time located in the Chicago claim department. He was transferred from there to Pittsburgh and then to Newark.

Globe Indemnity in Tennessee

C. B. H. Loventhal of Loventhal Brothers, Nashville, has returned from New York, where he secured the general agency of the Globe Indemnity. The company will again enter Tennessee. Loventhal Brothers become general agents after a lapse of 10 years since the company left the state. The agency represented the Globe Indemnity for nine years.

San Francisco Office Moves

The San Francisco branch office of the United States Fidelity & Guaranty has moved to the old Liverpool & London & Globe building at 444 California street. It will occupy the main floor and two upper floors. The Fidelity & Guaranty Fire's city department will be on the ground floor of the same building.

Other Casualty Changes

The Employers Mutuals of Wausau, Wis., have established a policy-writing division in Minneapolis with E. E. Bates in charge.

Columbus, O., bonding offices of the Standard Accident have been moved to the Huntington Bank building. J. B. Gillespie, Jr., is the manager of the Columbus office.

WORKMEN'S COMPENSATION

Will Lloyds Now Write Compensation in Illinois?

Now that London Lloyds has put up an additional \$1,000,000 deposit in Illinois and has been licensed in that state for the year beginning July 1, there is much interest in whether the London underwriters will be permitted to carry compensation risks in the state. A month or so ago Insurance Director Palmer ordered Lloyds to cease writing workmen's compensation in the state. His argument was that the London Lloyds' deposit of \$250,000 was not large enough to justify handling the compensation line. Now that the deposit has been increased, there is a possibility that Mr. Palmer will decide to permit the London underwriters to engage in compensation.

Some of the brokers representing Lloyds are eager to have the privilege of writing compensation. Perhaps Lloyds may voluntarily decide not to write compensation, because that is a sore point with the American companies and their agents. There has been some disposition on the part of Lloyds to avoid further clashes with American companies. There has been no official

statement as to the intention of Lloyds in this respect nor has there been any official word from Mr. Palmer about whether he will now permit the London underwriters to engage in the compensation line.

Florida Committee Named

JACKSONVILLE, FLA., July 8.—President McCord of the Florida Insurance Agents Association has named the following committee on workmen's compensation: Vincent J. Armstrong, Jacksonville, chairman, reappointed; Hunter Brown, Pensacola, vice-chairman; Payne H. Midyette, Tallahassee; R. W. Butler, Miami; Glen Evans, Tampa; R. T. Tucker, Orlando.

May Rewrite All Policies

Some of the casualty companies are giving consideration to the question of whether it will be necessary on Oct. 1 in Illinois to take up all of their compensation policies and replace them with new contracts. On Oct. 1 the new occupational disease law in Illinois becomes effective. In enacting the disease law, certain changes were made in the regular accident compensation statutes. The principal change was to remove from the compensation law the provision relating to the liability of the employer for disability caused by lead, brass and zinc poisoning. Inasmuch as the compensation policies now outstanding in Illinois refer to compensation statutes that will be changed after Oct. 1, the question is whether new policies will have to be issued.

Due to the fact that there are so many

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Fidelity and Surety Special Agent for Ohio and Indiana. Give full particulars regarding experience and qualifications. Address D-47, NATIONAL UNDERWRITER.

uncertainties regarding the insurance procedure under the Illinois disease act, a good many of the casualty people in Chicago are planning to remain in the city this summer and are deferring their vacations.

Los Angeles Mutual Licensed

The Guarantee Limited Mutual, recently organized in Los Angeles with J. R. Deering as president, has been licensed by Commissioner Carpenter. It will specialize on workmen's compensation insurance.

S. J. Lorenz, former assistant attorney general of New Jersey, has been appointed acting deputy commissioner of workmen's compensation to hear cases in the Trenton, N. J., territory during the absence of W. E. Stubbs, who is on a trip to the Pacific Coast.

General Accident Outing

The Chicago service department of the General Accident held its annual golf tournament and outing at the White Pines Country Club, members of the claim, payroll audit and engineering departments and their guests attending. The golf trophy was won by John Benson, claims supervisor.

Among the guests were Raymond Scott, supervisor of compensation claims at the home office in Philadelphia, and John A. Bloomington, general counsel Chicago claim department, who spoke at the dinner in the evening.

Penalize False Registration

BOSTON, July 8.—A new law, just effective, makes it a penal offense to give a false name or false address in registering an automobile, subjecting the owner to fine of \$20 to \$200 and imprisonment for two weeks to two years, or both.

The law was enacted to prevent evasion of high insurance rates by false registration of a car from a summer home or residence of a friend or relative in a low rated district.

Agents or brokers soliciting or negotiating insurance and having guilty knowledge of such false registrations, or agents or brokers who advise insured to register from improper zones, will have their licenses revoked.

Signs Non-Resident Service Bill

Governor Hoffman has signed a New Jersey measure which amends the law to permit service on the commissioner of motor vehicles in an automobile accident suit against non-resident motorists brought in any district court of New Jersey.

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Accident-Health Field News

Travelers Chicago Branch Leads in Supremacy Drive

The Travelers branch in Chicago led the United States and Canada in the "supremacy campaign" which ran from April 4 to June 27 and was designed to boost accident insurance production. The branch under Manager E. B. Dudley wrote \$41,500 premiums in the period, an all-time record. It also wrote 373 applications for \$7,132 premium volume in the last week of the drive, the greatest week in the history of the branch. The best previous record was 260 applications for \$4,700. I. H. Curtis, with 16 applications, was Chicago leader; Frank Moloney with 15, second, and Alexander Sobel with 14 was third, he also being third throughout the two countries. Manager Dudley reports a 40 percent increase in life business on written basis during the accident campaign. The branch held an outing at Belmont golf club under auspices of the Travelers Club. First blind bogey prize was won by J. M. Holmes, assistant manager. H. E. Tank, retiring brokerage manager, was presented a well outfitted bag by the club. Manager Dudley and E. L. Mason, assistant manager, attended.

Insanity Held Sickness

NEW ORLEANS, July 8.—Insanity is a sickness on which insurance policyholders may collect sick benefits, the state supreme court ruled, setting a precedent and reversing the lower courts. The decision was given in the case of Alma Lewis, curatrix, vs. Liberty Industrial Life. Three justices dissented, Justice Odom holding that to pay benefits under the terms of the policy to an insane person would constitute violation of a legal contract.

Roy M. Meadows Advanced

Roy M. Meadows, for several years one of the leading producers of the railroad department of the Continental Casualty, has been appointed agency director of that department. In that capacity, he will concentrate on locating and developing agents. Mr. Meadows had practical experience as a railroad switchman and brakeman before taking up insurance work.

Lesser Is Boston Manager

Charles I. Lesser has been appointed district manager of the National Accident & Health in Boston. He has been in the insurance business there for a number of years and joined the National last March.

Aldrich to Bloomington

A. L. Aldrich has been made district manager of the Mutual Benefit Health & Accident and United Benefit Life at Bloomington, Ill. He was formerly assistant manager of the Springfield, Ill., office.

Chicago Engineers' Outing

The Casualty Engineers Association of Chicago held its annual golf tournament and outing at the Coghill Country Club, with dinner and entertainment in the evening. Winning first prize in the tournament, C. B. Fritz, independent engineer, was presented the C. J. Williams trophy.

Nichols Co. in Baltimore

The Nichols Company, of which V. A. Nichols is president, whose chief headquarters is at Washington, D. C., has gone into a new office in Baltimore, 604 Mercantile Trust building. E. W. Dorsey is manager of the Baltimore office.

WORKMEN'S COMPENSATION and Public Liability Insurance

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Insurance Has Been a Business, Not a Sideline"*

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Norton, Va.

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Get rid of your PET PEEVE.

If losing automobile business to your competitor because his company's rates are lower than yours is your Pet Peeve, here's your answer an attractive contract with a sound STOCK COMPANY WRITING AT NON-CONFERENCE RATES.

It will be to your advantage to write to

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Insurance Exchange Bldg., Chicago, Illinois

Palmer Stopped by Second Writ

(CONTINUED FROM PAGE 3)

will prevail and great combinations of capital in practical control of a great business necessary to the people will do the things they should do voluntarily instead of waiting until some governmental agency or court enters a compelling order. It goes without saying that while we are in this fight to a finish to win fair treatment for the home owners of Illinois, there is yet time for a common sense solution which would be more beneficial to the interests of the companies and their agents than a long drawn out legal battle which, if experience teaches anything, leads but to a foregone if not a forlorn conclusion."

No Specific Authority

The interlocutory writ was granted on the grounds that Mr. Palmer had not specific authority, under the law, to reduce rates. Mr. Palmer now will be forced to renew the licenses of 176 foreign fire companies.

Injunction proceedings were started by the insurance companies June 30 after Palmer issued his order. Judge Briggie issued the order after a new one had been drawn by counsel for the fire insurance companies. The bill presented to the court at the morning session was declared by Judge Briggie to be too broad. He instructed the insurance attorneys to draw a new bill and limit the question solely to the rate question.

Judge Briggie said he had made a careful study of the matter and failed to find any statute giving Mr. Palmer such power. The judge thus sustained the contention of R. J. Follon, attorney for the companies, that Mr. Palmer had no power to act on rates.

Charges Unlawful Plot

John B. Harris, assistant attorney-general, admitted there was no specific law giving Mr. Palmer power to deal with rates, but that there was an "unlawful conspiracy among the fire insurance companies." "Under this combination," Harris declared, "they have fixed rates. They have divided the state into three districts. Their rates are exorbitant, excessive and discriminatory

against some sections of the state and against the state as a whole."

Harris also failed in an attempt to have the injunction limited to the director of insurance. "There is no allegation in the bill of complaint that states the attorney-general has taken any action or threatens to take any action in the matter," Harris declared.

Judge Briggie then asked Mr. Follon why he wanted to name the attorney-general in the writ.

"Because the attorney-general is the chief law enforcing officer," he replied as he explained that the attorney-general would be in a position to prosecute the companies if he were not restrained.

In opening his argument yesterday, Harris declared that the attorneys for the fire companies are trying to "make the director look like Public Enemy No. 1," as he rapped the companies for their attitude.

Twice the state legislature has defeated bills drawn by Director Palmer which would give him the power to act on rates.

The agents in the state are somewhat divided in their sentiment toward Mr. Palmer's efforts. Many of them feel that there has been no call for any rate reduction and believe that it is unwise to force the issue at this time. They declare that there have been so many rate changes and readjustments that the agents have been kept busy going to their policyholders and explaining the situation. They call attention to the fact that it is very easy to reduce rates but it is a very difficult matter to get them up if it is necessary. The agents feel that they have been burdened with a number of details out of the ordinary and their income has been influenced by the various reductions. They believe that rates should be harmonized so that there will be no discrimination so far as Cook county and northern Illinois is concerned.

Another group takes the position that if Director Palmer's contentions are correct and his figures are right, then there should be no question as to what should be done. In their mind it is solely a question of right and justice. They declare that Director Palmer has been harassed and goaded by the National Board and the companies in opposition to the code and they feel that the companies have not responded to his suggestion as to rate readjustments un-

til the point has been reached when he should fight back.

Governor Horner evidently is clearly behind Director Palmer. In a statement given out Governor Horner is said to have told Director Palmer that he would have the full support of the administration to get reduced rates. The governor told Director Palmer that if necessary the state will carry the case to the United States Supreme Court if the restraining order is made permanent. The governor takes the position that there is no justification in the property owners of Illinois paying more than adjacent states.

All concerned are inclined to believe that Director Palmer seriously weakened his own case by the sending out of his second letter giving companies only a day's notice to file their acceptance or rejection to his rate order. While officials take the position that Mr. Palmer does not have any legal right to order companies to reduce rates or to refuse to issue licenses because they do not decrease rates, yet they do acknowledge that he did have a public appeal in demanding lower rates. However, when he took precipitate action they declare that this showed venom and it has not set well with the people.

Agents in Illinois have been forced to make a lot of explanations to assured, who have read the newspapers carelessly and gain the impression that rates have actually been decreased in Illinois. A good many policyholders, who have received statements for renewal premiums in the last week or so have written to their agents asking why they were not given the benefit of the rate reduction.

Field men report that most of the agents are much disturbed because of Mr. Palmer's rate reduction order. They say that some of the agents, who have been supporting the insurance director and have been friendly to him and his administration, have now turned against him. Others, however, are inclined to blame the companies on the theory that they provoked Mr. Palmer to take the step that he did.

PEARL'S REDUCTION

That the Pearl might take drastic action in connection with the Illinois rate situation was anticipated. Last week Western Manager Vincent Gallagher intimated he might have a statement to make following the federal court hearing Tuesday. Pearl did not join in the injunction proceedings. Neither did it agree to the 10 percent rate cut. On assurance from Insurance Director Palmer that the interests of Pearl would not be prejudiced, Mr. Gallagher made no response to Mr. Palmer's demand that rates be cut.

Stewart B. Hopps of the U. S. advisory board of Pearl was in Chicago Tuesday when the rate cut announcement was made. It is known that Pearl has nursed some bitter feelings in recent weeks toward organization companies. It was incensed at the manner in which Southeastern Underwriters Association handled the termination of the contact with Pearl for rating service in all S. E. U. A. states except South Carolina. It was also provoked by bulletin No. 12 in the pro-stock mailing campaign of Western Underwriters Association. This bulletin discussed the problem of non-affiliated stock competition and contained an enclosure, which the Pearl management felt caused the entire mailing to be directed against Pearl.

This is the announcement sent out Wednesday by Pearl to its agents:

"Effective immediately, the following will go into effect:

"Dwelling and Apartment Buildings—This company will grant a reduction of 10 percent on minimum rated protected dwelling house and apartment policies (not household goods) for the attachment of the 80 percent or higher coinsurance clause. This applies to fire,

windstorm and supplemental contract hazards.

"Household Furniture—On household goods policies in buildings as described above, the following endorsement may be attached and the proper premium reduction allowed. If the household furniture item be written with other items, this will apply only to the household goods item. It also only applies to minimum rated protected property and covers fire, windstorm and supplemental contract hazards.

"Prompt Payment Discount for Household Goods Insurance—If the premium on the amount of insurance be paid to the agency issuing this policy, on or before the 5th day of the month succeeding that month in which the policy attaches, a discount of 10% (\$—) will be allowed.

"Attached to and forming a part of Policy No.

"The premium on these household goods items must be accounted for by the agent in the month in which the policy is written, and the balance due the company for these items must be paid to the company within 30 days from the date of the account current.

"Please note that neither of these considerations apply to farm property, nor to property not under fire protection.

"We believe that each of these changes will be welcomed by agents, the first in the interest of adequate insurance on dwelling houses and the second as a measure to assist in overcoming the difficulty of collecting small household furniture premiums. Printed endorsements for the household furniture prompt pay feature are being prepared and a supply will be sent you."

Manager Gallagher states that while he does not agree that the information available at the moment justifies a blanket 10 percent reduction, yet he believes that policyholders who cooperate to the extent of purchasing adequate insurance on their dwellings and those who cooperate with agents by payment of their premiums promptly are entitled to consideration at present.

Casualty Pool Taken Up at New York Commission Meet

(CONTINUED FROM PAGE 25)

Company officials, as I well know, look upon these matters very differently from their agents and the company which refuses to join the pool, thus depriving the agency of commissions, would be glad to accept business offered to them direct, thus safeguarding the commission of the agent."

Mr. Barker expressed appreciation of the efforts of the Fidelity & Casualty to create the kind of pool the commission hoped for, but which conditions evidently do not at the present time permit. He pointed out if a pool can be arranged satisfactorily to all concerned the commission will be glad to reconsider its present decision.

Commercial Service Bureau

330 So. Wells St., Chicago, Ill.

Tel.—Wabash 9670

COMPLETE SERVICE:

INSPECTIONS

PAYROLL AUDITS

SAFETY ENGINEERING



AMERICAN Re-Insurance Co.

Robert C. Ream, President

99 John Street New York

DECEMBER 31st, 1935

| | |
|---|----------------------|
| CAPITAL | \$1,000,000.00 |
| Surplus | 4,044,764.57 |
| Voluntary Catastrophe Reserve | 500,000.00 |
| Reserve for Losses | 3,527,772.91 |
| All Other Liabilities | 1,407,161.93 |
| TOTAL ASSETS | 10,479,699.40 |

NOTE: Securities carried at \$690,943.75 in the above statement are deposited as required by law.

CASUALTY RE-INSURANCE

Thirty-Four Years—Through Thick and Thin

AMERICAN CASUALTY COMPANY



READING, PENNSYLVANIA



● Experience gained through meeting many and varied conditions removes the always dangerous snap-judgments and vacillating practices that bring gray hair to agents' heads.

▲ Stock Company

Incorporated 1902

Supporting the American Agency System ever since

RECENT COURT DECISIONS

CASUALTY & SURETY

Customers Are Not Protected

Brokers Bond Doesn't Cover Loss of Clients Due to Misappropriation of Their Funds

The Illinois appellate court, fourth district, has held that the Indemnity of North America is not liable to the receiver of the Cody Trust Company of Chicago under a broker's blanket bond for loss caused to customers of the trust company through the misappropriation of customers' funds. The case was *Albers vs. Indemnity of North America*. Incidentally the appellate court, in this case, called attention to the use of the "confusing symbol 'and/or'." The court has, the decision points out, in many cases condemned "in unmeasured terms this accuracy destroying symbol."

The receiver alleged that trust monies aggregating more than \$155,000 were misappropriated for the Cody Trust Company's own general corporate purposes through the wrongful act of its employees.

The court held that under the bond, the Indemnity of North America agreed to indemnify the Cody Trust Company against loss sustained by it and from the allegations it appears that the Cody Trust Company did not sustain any loss, but on the contrary it appropriated \$155,000 of its customers' money to its own use. The bond was not for the benefit of persons dealing with the Cody Trust Company.

Suicide by a Sane Person Considered Not Accidental

Suicide by a sane person is not an accident, and the beneficiary is not entitled to double indemnity, according to a decision handed down by the Colorado supreme court.

In previous decisions it has been interpreted to mean that suicide, whether by a sane or insane policyholder, was an accidental death and therefore double indemnity should be paid, as per the policy contract. The recent decision of the supreme court, however, is considered of particular significance for two reasons: Because more than a dozen claims are now being held up in companies under similar circumstances, and because it has placed an entirely contrary interpretation on Colorado insurance statutes to the holding of United States District Judge J. Foster Symes, which have been sustained by the tenth circuit court of appeals and affirmed by the United States Supreme Court.

Income Tax Bond Issue

The Fidelity & Deposit has been held liable by the United States circuit court of appeals for the 9th circuit (California) under a bond given to secure the payment of overdue installments of the internal revenue tax on income. The court held that a surety company is estopped to claim the invalidity of its bond, executed in behalf of a taxpayer who had been granted an extension of time to Sept. 15, 1931, in which to pay the fourth installment of taxes due Dec. 15, 1930, on the ground that the collector had no authority to grant the extension, and that therefore the extension was not effective and consequently there was no consideration of the bond, although the collector had refrained from any attempt to enforce the tax until after Sept. 15, 1931.

Issue Over Embezzling Officer

Application for Bond Was Signed by Secretary Who Was Defaulter But Surety Liable

Despite the fact that the application for a fidelity bond was signed by an embezzling officer, the surety is liable, according to the United States circuit court of appeals for the 10th circuit (Oklahoma) in *Maryland Casualty vs. Tulsa Industrial Loan & Investment Co.*

While a first bond of Maryland Casualty was in force, Dunn, secretary-treasurer and a director of the assured, and his confederates appropriated \$22,568. The bond was renewed May 3, 1933, and from that date until Feb. 26, 1934, Dunn and his confederates embezzled \$28,561. None of the officers or directors, except Dunn, knew of the embezzlement until Feb. 26, 1934. The written application for the bond was signed by Dunn, as secretary-treasurer.

When the losses were discovered, notice was immediately given.

Maryland Casualty argued that it is not liable because false statements were made in the application with respect to the honesty and faithfulness of the employees of the assured. The application failed to contain a provision making the statement contained therein a warranty.

The court held that the statements constitute representations as distinguished from warranties. The mere falsity of a representation will not relieve an insurer unless it relates to a matter material to the risk and was knowingly made with intent to deceive or in such disregard of its truth or falsity as to amount to fraud. If, in the course of employment, the agent acts for his own benefit and to defraud his principal, the latter is not charged with constructive knowledge of the uncommunicated facts in the transaction. If, before his position has been changed, the principal learns the facts and knowingly retains the benefits obtained through the acts of the agent which he would not have received otherwise, he cannot escape responsibility. But no such situation is presented here because the assured changed its position before learning the facts. It surrendered its

protection under the prior bond.

Maryland Casualty asserts that even though an agent acts to defraud his principal, knowledge is imputed if he is the sole representative of a corporate principal in this transaction. Dunn, according to the court, was not the sole representative of the corporation. The board acted in respect of the bonds in question. It determined to secure them and Dunn's act submitting the application followed in a subordinate and ministerial manner.

There is no warrant for the conclusion that the representations in the application were knowingly untrue or made with such utter disregard of the facts as to amount to fraud on Maryland Casualty.

Husband Can't Recover for Loss of Estranged Wife's Ring

The Oregon supreme court has ruled out an action against the United Pacific Casualty under a burglary policy for the loss of a ring, belonging to the estranged wife of the assured. Price was the husband. His wife did not join him in bringing the action. She testified that in June, 1933, she placed her jewel box containing the ring in a dresser drawer and that in July, when she left, she took the jewel box with her. She testified that while driving away she opened the box and discovered the ring was not there. She swore she had seen no evidence about the jewel box indicating that things had been disturbed.

Price contended that an insurable interest in the property of another can be created through a contract effected between the insured and the insurer.

The supreme court held that such a contract would be a mere wagering agreement. An insurable interest is created only through ownership, rightful possession, acquisition of a lien, etc. The policy was intended for the protection, not only of Mr. Price, but of others, who are "permanent members of the household of the assured who..." Mrs. Price could have maintained an action in her own name if she believed the United Pacific Casualty was liable. The complaint does not allege a cause of action in favor of Mr. Price and the evidence does not disclose one in his favor. He was not the owner of the ring and had no insurable interest in it. There is no indication that the action is being maintained for the benefit of Mrs. Price.

Credit Allowed Guardian in Case of Bank Failure

The guardian of an incompetent person deposited \$8,000 of the estate in the Bank of West Hollywood in his name as guardian. The bank failed. The loss was reduced by dividends to \$5,227.38, and this loss was allowed as a credit to the guardian. The allowance was contested on the ground that the guardian, by agreeing with his surety for joint control, put it out of his power to withdraw the money from the bank. The case was matter of *Ounjuian*. The California supreme court ruled that the general law was a part of the agreement with the surety, and the guardian could always get the permission of the court to withdraw the money. Hence the allowance of the credit to the guardian was affirmed by the California supreme court.

Kentucky Court Finds New National Surety Not Liable

The Kentucky court of appeals has decided in favor of the new National Surety in a case under a bond which was placed in the non-liability class in the reorganization of the old National Surety. The case was *National Surety Corporation vs. Mantz, admnr.*

The bond in question was on Hood, deputy sheriff of Whitley county. Hood, in attempting to arrest Mantz for a misdemeanor, shot and killed him and Mantz' administrator filed action against the sheriff, Hood and the old National Surety. The bond expired two months after the death of Mantz. Subsequently the reorganization of the National Surety took place and after the new company was organized, it was made defendant in the Mantz action. The approval of the reorganization plan by the highest court of New York included the non-liability of the new company for the loss or claim attempted to be adjudicated in the Mantz case.

The holding is that the New York judgment foreclosed the Kentucky court's right to interpret the New York statutes or to review the proceedings taken thereunder with reference to the rehabilitation plan that the courts of New York approved.

Surety May Retain Funds

Reversing the decree of the lower court, the New Jersey court of errors and appeals has held that to require the Commercial Casualty to surrender the monies which it had obtained and applied upon obligations incurred by reasons of the default of the construction company, for which the Commercial Casualty was surety, merely because the bank had in the meantime seen fit to lend money on a subsequent assignment without any inquiry, was inequitable. The case was *Bridgeton National Bank vs. Commercial Casualty*.

The Bridgeton Bank obtained the money decree against the Commercial Casualty which was surety for the Eastern States Construction Company that was engaged in building several roads in Pennsylvania. The claim of the bank was predicated upon a protested promissory note purporting to be secured by an assignment of the unpaid balance due the Eastern States Construction Company upon one of its contracts. The check was endorsed by the Commercial Casualty and the proceeds used to pay obligations incurred in the completion of other contracts.

FIRE & MARINE

Diamond Ring Thrown in Fire

Loss Covered Because Accident Occurred While Assured Was Trying to Prevent Blaze from Spreading

Destruction to a diamond ring which was unwittingly thrown by a housewife along with a mass of ignited material into a stove is covered under a fire policy on "household and kitchen furniture," and "jewelry in use." This was the decision of the South Carolina supreme court in *Watson vs. American Colony*. The insurer contended that the fire that destroyed the ring was a friendly fire.

The housewife had removed her ring and placed it on the mantelpiece. Later she discovered a fire on the mantel where a large amount of kleenex, highly combustible cleansing tissue, had ignited, presumably from a cigarette on a nearby ash tray. The housewife, using a towel, seized the burning mass and deposited it

in the stove in which a fire was burning. In gathering the burning mass the housewife unwittingly removed with it her engagement ring which was deposited with the burning kleenex in the stove. The diamonds were completely destroyed.

The court held that the fire on the mantel was a hostile fire. It is generally held that damage resulting from efforts made in good faith to save property from such a fire, by water, or breakage, or removal, are within the loss covered by a policy. There can be no reasonable distinction between situations where damage to insured property results from intentional removal of goods to a place of safety and where damage results through inadvertence while trying to put out the fire. What the housewife did, confronted by imminent danger, was exactly what the insurer might reasonably have foreseen she would do. Her act cannot be regarded as a new, unrelated and independent intervening cause.

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the alert agent—

Automobile Insurance, to prospects sailing by on every highway and byway. Increased car sales should mean increased insurance sales for you.

Personal Effects Insurance, to voyagers, tourists, vacationists, honeymooners and week-enders.

Rain Insurance, to "57 Varieties" of prospects. (Ask for a list of them.)

Golfers' Equipment Insurance, to all manner of golfers (particularly club members) who own worthwhile equipment.



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